FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 29,575 Saturday March 16 1985 ***35p

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WORLD NEWS

Soccer fans 'could face life in jail'

Home Secrtary Leon Brittan attacked the "savagery" of football hooligans and warned that the most serious offenders could face life impriaonment. He cautioned young fans against getting "caught up in this mass lunacy" following Wednesday's riots by Millwall fans during an FA Cup tie at Luton.

Brentford football club called off its match against Millwall today and Bournemouth will ask the Football Association to postpone its match with Millwall on May 6, a bank holiday, because it fears tronble.

Tottenham Hotspur have cancelled a friendly game against Portadown in Northern Ireland after receiving a threatening letter.

Second Briton seized

A British businessman was seized by five armed kidnappers in west Beirut as he parked his car near the seafront. Kidnappers of another British citizen, metallurigist Geoffrey Nash, have made no ransom demands since his abduction on Thursday.

Welsh PWR sites

Sites in Snowdonia and Anglesey will be considered for construction of a Pressurised Water Reactor nuclear plant if the Sizewell B plant is authorised. Back Page

Baby's father jailed

Paul Brown, 30, a roofing contractor from south London, was jailed for five years for the manslaughter of his two-week old Down's Syndrome daughter, Louise. He claimed she had been kidnapped. Her body has never been found.

Siudona gets 15 years

Sicilian financier and former Vatican adviser Michele Sindona was convicted of fraudulent bankruptcy in the 1974 collapse of his Italian banking empire and sentnced to 15 years in prison.

MI5 theory in death

Labour MP Tam Dalyell said be is to be interviewed again by police in connection with reports that anti-nuclear campaigner Hilda Murrell, 78, was murdered by a man working for MI5 who has since committed suicide.

New homes for army

About half the married quarters in Aldershot military town and some barracks are likely to be replaced in th enext 10 years at a cost of about £80m. Page 3

Call for NUJ expulsion

The leadership of the National Graphical Association called on the TC to expel the National Union of Journalists following sharp divisions over the introduction of electronic technology in the provincial press. Page 4

Israel inflation rate

Prices rose 13.5 per cent in Israel last month pushing the annual inflation rate above 400 per cent again and dealing a blow to the government'a anti-inflation policies. Page 2

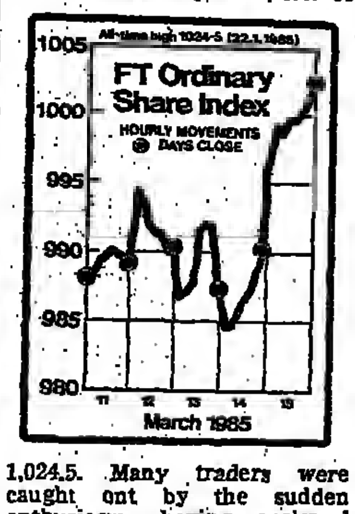
Financial Times

We apologise to readers, advertisers and distributors for the shortage of yesterday's FT. This was due to industrial action by the National Graphical Association machine minders in the machine room.

BUSINESS SUMMARY

FT index climbs 12.4 to 1,002.5

EQUITIES rose strongly in a pre-Budget buying spree which took the FT Ordinary share index over 1,000 for the first time since January 25, to close 12.4 up at 1,002.5. This compares with its January 22 peak of



1,024.5. Many traders were caught out by the sudden enthusiasm, having resigned themselves to a quiet run-up to the Budget, and trading remained thin. The FT-Actuaries All-Share index added 0.7 per cent to 630.16. Page 22

NORTHERN FOODS is to pay £51m cash for the North of England milk business of Express Dairies, part of the Grand Metropolitan Group. Back Page

BECHTEL, U.S. engineering andconstruction company, has been dealt a blow by Saudi Arabia's cancellation of two refinery projects worth an estimated total $2bn (£1.85bn). Back Page

BASS, brewing and leisure group, is taking a 15 per cent stake in Horizon Travel as part of a deal establishing a joint venture to pool some of their Mediterranean holiday interests. Page 18

U.S. INDUSTRIAL production fell 0.5 per cent in February, as mounting foreign competition hit the manfacturing sector. Page 2

STOCK EXCHANGE is planning a radical reform of its examination system and the creation of a new category of member as part of its overall membership structure reforms. Page 3

FRANCE is to introduce financial futures trading in September as part of moves to modernise its banking markets. Page 19

DBS: Members of Britain's direct broadcasting by satellite consortium decided against proceeding with the project using the Government's preferred supplier, United Satellites. Page 4

SIR Y.K. PAO won control of Wheelock Marden, Hong Kong property, shipping and trading group, after a month-long takeover contest. Page 19

VEBA, West Garman industrial group, raised net profits by almost 55 per cent last year to DM 575m (£157m). Page 19

WHEELING-PITTSBURGH, U.S. steelmaker, is trying to negotiate a debt restructuring and wage cost cuts after registering a further substantial loss last year. Page 19

GRATTAN, home shopping operator, raised pre-tax profits from £3.51m to £9.65m in the year to January 31, helped by a boost in clothing demand. Page 18; Lex, Back Page

Fed acts as Ohio closes savings banks

BY WILLIAM HALL AND PAUL TAYLOR IN NEW YORK

THE U.S. Federal Reserve Board moved quickly yesterday to provide an emergency injection of funds to the U.S. banking system after Ohio's Governor ordered the state's 70 state-insured savings banks to close for three days.

The closure was to give time for U.S. banking authorities to try to assemble a rescue package for the state's savings banks after the collapse of one and a heavy run on others.

Ohio's move, thought to be the first time a state has ordered a bank holiday since the depression years of the 1930s, had repercussions across the U.S. financial system yesterday.

Short-term Treasury bill rates fell sharply, by almost 40 basis points, in a flight to quality reminiscent of the run on Continental Illinois, the eighth-biggest bank in the U.S., 10 months ago.

On Wall Street bank analysts suggested the problems in Ohio were isolated. None the less, and the U.S. currency came under selling pressure.

Foreign exchange traders had expected the dollar to push through the DM 3.43 level but in the event the U.S. currency turned round and by early afternoon was trading at about DM 3.37 against a London close of DM 3.377.

The Ohio governor's action follows a major run on the Ohio savings banks, which are similar to British building societies, in the wake of the collapse this month of ESM Government Securities, a small, Florida-based goverment - bond dealer, amid widespread allegation of fraud.

The failure of ESM resulted in the collapse of one Ohio savings bank, Home State Savings, which closed its doors a week ago.

Ohio is one of six states only in the U.S. where local savings-bank deposits are insured by state authorities rather than by federal agencies.

Queues of customers seeking to withdraw funds appeared in front of several other savings banks in Cincinnatti this week when it became clear state deposit insurance funds, totalling about $136m (£125m), were insufficient to cover the estimated $150m losses at Home State. The Ohio state-chartered savings banks have total deposits of close to $5bn.

Mr Richard Celeste, Governor of Ohio, ordered the temporary closure of the savings banks yesterday, a day after an emergency meeting between Mr Paul Volcker, the Federal Reserve Board chairman, and Ohio Savings bank executives.

The Federal Reserve Bank of Cleveland had tried to stem the run on Home State savings with a secured loan but it was apparently insufficient to survive a $90m outflow, equivalent to about a quarter of Home State's deposits.

Governor Celeste said he hoped the savings banks would reopen on Monday.

Following Governor Celeste's order, Ms Karen Horn, president of the Federal Reserve Bank of Cleveland, said that as the institutions reopen they would be eligible, as were other institutions, for liquidity assistance at discount rate.

Ms Horn was yesterday holding a series of meetings to ensure there is cash available

Continued on Back Page

Events which led to the crash, Page 2

The U.S. Federal Deposit Insurance Corporation said it might begin selling its shares in Continental Illinois National Bank and Trust within two years, Reuter reports from Washington. The FDIC took stock equivalent to 80 per cent of the outstanding shares in Continental Illinois in return for a $4.5bn (£4.2bn) aid package last year. It had expected to hold the stake for five years but in view of Continental Illinoi's rapid financial recovery an earlier sale may be possible, the FDIC said.

Seven countries to link post office cash machines

BY DAVID LASCELLES, BANKING CORRESPONDENT

POST OFFICE banks from seven countries have agreed to link their cash machines so that travellers can withdraw money at any of them. The scheme includes the National Girobank of the UK which is installing its first machines this summer.

The network will accept "smart cards," the new generation of plastic cards containing a small microchip rather than a magnetic stripe, thus enabling more complex transactions than possible with present cards. This should boost this brand of technology which is being pioneered by the French; but has, as yet, achieved little international acceptance.

The link was announced after a meeting of postal bank officials in Tokyo yesterday. The countries involved are Japan, the UK, the Netherlands, France, Switzerland, Norway and Spain.

Mr George Forrest, head of National Girobank's international division said yesterday that postal banks were keen to expand co-operation across national borders. They already have the Postcheque service which enables post office bank customers to cash cheques at post offices abroad.

No timetable had been decided for the new network, he said, and several technological questions had to be considered. Once the basic decisions had been taken, the link-up could be achieved quite quickly.

National Girobank plans to have about 180 cash machines around the UK, most of them at post offices, with 50 ready by this summer. The bank is already part of a domestic UK cash machine network called Link, through which it will share several hundred machines with 16 other institutions, mainly banks and building societies.

The decision to opt for the smart card is believed to mark the first use of that card in an international card machine network. The card is already in use in France, and Casio, the Japanese electronics company, has now taken up development in Japan.

The microchip embedded in the smart card enables it to store much more information than a magnetic stripe. But the technology is costly, and while the big international credit card concerns like American Express, Visa and Master Card are looking at it closely, few have yet adopte dit.

A smart card can act as a portable bank account. It has a store of value which the customer draws on to pay for goods or obtain cash at machines. When the value is exhausted, it can be replenished from the holder's regular bank account. The microchip keeps details of the owner's finances, and a ful lrecord of his or her transactions.

Its use can be extended beyond banking to preserve, for example, the holder's medical history.

Two publishers change hands

BY LIONEL BARBER

TWO PUBLISHING businesses, Routledge & Kegan Paul, and Hutchinson, are to change hands after rival publishers unveiled agreed takeover bids yesterday.

A stunned Routledge board was last night considering its position after the Franklin family, which controls 52 per cent of the shares, revealed late on Thursday night that it had decided to sell out to Associated Book Publishers, whose imprints include Methuen and Eyre and Spotiswoode, in a deal worth £4.4m. The decision marks the end of a family connection with Routledge which goes back to 1902.

Mr Norman Franklin, chairman, said last night: "I realise this must have come as quite a shock, but I think it is the best possible deal for the company. We were a small company trying to be a giant."

Mr Paul Sturrock, Routledge's managing director, said: "There wasn't a row, but there was a very real sense of disappointment."

Associated, publishers of the best selling Adrian Mole books, has made a bid which values Routledge shares at 386p, 103p above Thursday night's closing price of 283p.

Brokers said yesterday that the offer reflected substantial goodwill and the recent sharp rise in Associated shares in line with those of other publishing companies.

Last year, Routledge made £104,590 interim pre-tax profits against a £49,000 loss, a sign of recovery, said Mr Sturrock.

In a separate deal yesterday, London Weekend Television said it had agreed to merge its wholly-owned publishing subsidiary, Hutchinson, with a private company, Century Publishing. London Weekend will retain a 25 per cent stake in a new company, Century Hutchinson. It will receive about £7m from the deal—£3m in cash and £4m in Century Hutchinson shares.

"We believe this is an excellent mix of young, entrepreneurial management at Century and established expertise at Hutchinson," Mr Peter McNally, London Weekend finance director, said.

Last year, Hutchinson made pre-tax profits of £183,000. By contrast, Century, which began trading just three years ago, made £519,000 pre-tax profits, a result of strong marketing and merchandising

Mr Anthony Cheetham, who started Centry three years ago after raising £600,000 in backing fro mthe City, is to become managing director of Centry Hutchinson. Mr Christopher Bland, Londo nWeekend chairman, is to be chairman.

Background, Page 18

Belgians agree to deployment of cruise

By Paul Cheeseright in Brussels and Robert Mauthner in London

THE BELGIAN Government faced up to internal political dissension yesterday and finally agreed to immediate deployment of 16 cruise missiles, in line with its commitment to Nato.

Belgium thus becomes the fourth West European country after West Germany, Italy and the UK to embark on the controversial deployment of intermediate-range nuclear missiles as part of Nato's response to the Soviet Union's instalation of its SS-20 weapons.

The Netherlands is the only remaining Nato country yet to fulfil its commitment to deploy. As in Belgium, there is widespread popular opposition to stationing of cruise missiles, and the Dutch Goverment has adopted a decision which links final deployment to the number of SS-20s the Soviet Union has in place by November 1.

The Belgian Government has for months been torn between pressure from its Nato allies to accept cruise missiles, and strong domestic opposition, which has caused growing dissension within the Christian Democrat-Liberal coalition. The missiles will be based in Flanders, close to the Dutch border, and the Flemish wing of the Belgian Christian Democratic Party has become increasingly hostile to the prospect of deployment.

Mr Wilfried Martens, the Belgian Prime Minister, was subjected to strong pressure on the issue from President Ronald Reagan at a White House meeting in January, since when his Government has been elaborately preparing the domestic ground for yesterday's decision.

Nonetheless, the opposition from sections of his own party, and the insistence on deployment by the Liberal coaliation partner, promises a heated debate when the Belgian Parliament holds a vote of confidence on deployment next week.

The anti-nuclear movement will take to the streets of Brussels in a demonstration

Continued on Back Page

Howe warning on space weapons

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

SIR GEOFFREY HOWE, the Foreign Secretary, warned yesterday that space weapon research might acquire an "unstoppable momentum" if it did not go hand in hand with a careful study of its strategic implications.

The Foreign Secretary's remarks, which reflect increasing concern in government circles about the relentless manner in which President Ronald Reagan's Strategic Defence Initiative (SDI) is being promoted, were part of a long speech on Britain's attitude to nuclear arms control to the Royal United Services Institute.

Though the Foreign Secretary reiterated the British Government's support for SDI, on condition that deployment of space-based defence weapons would have to be a matter for negotiations between the U.S. and the Soviet Union, he repeatedly stressed the need for a thorough debate of all the problems involved.

"Prevention may be better than later attempts at a cure. We must take care that political decisions are not pre-empted by the march of technology, still less by premature attempts to predict the route of the march," Sir Geoffrey said.

A distinction must be made between present military activities in space and those that may become a reality in the far distant future. The West was heavily dependent on the existing use of space technology and particularly on satellites used for intelligence purposes. It should, therefore, strive to make its satellites less vulnerable.

However, the prospect of either the Soviet Union or the West being faced with the loss of their "strategic eyes and ears" at a time of crises would be gravely destabilising. The British Government, therefore, supported the negotiation of a treaty imposing mutual constraints on anti-satellite systems for a fixed period, in order not to prejudge the future.

On the longer-term issues of spaced-based defences against ballistic missiles, Sir Geoffrey emphasised that President Reagan's initiative was a research programme, conducted in full conformity with the provisions of the 1972 anti-ballistic missile (ABM) treaty.

There was a clear need for the U.S. to match Soviet research programmes in the same area and that was the reason why Mrs Margaret Thatcher, the Prime Minister, had repeatedly expressed the Government's conviction that U.S. research should go ahead.

However, some very basic questions about the future of Western defence strategy had to be asked when decisions were required on moving from the resarch to the development stage.

There would inevitably be risks in a radical change in the basis for western security from the principle of mutual assured destruction to a defensive system. Those new systems might provide only a limited defence against weapons of massive destruction and thus generate 'dangerous uncertainty."

Other questions which needed to be asked were whether the new technology wold work and, even if it did, whether it was capable of surviving and was cost effective.

"There would be no advantage in creating a new Maginot Line of the 21st century, liable to be outflanked by relatively simpler and demonstrably cheaper counter-measures," the Foreign Secretary said.

If, as President Reagan foresaw, offensive ballistic missiles would become "impotent and obsolete" as the result of SDI, how would protection be extened against the non-ballistic nuclear threat posed by aircraft, cruise missiles or battlefield nuclear weapons?

Finally, could people be certain that the new systems would permit adequate political control over both nuclear weapons and defensive systems or might they find themselves in a situation where the peace of the world depended solely on computers and automatic decision-making?

Not the least consideration was the one of costs. It had to be asked whether the enormous funds to be devoted to the new systems could not be used more effectively to improve the western nations' capacity to oppose a potential aggressor with a credible mix of conventional and nuclear forces.

MARKETS

DOLLAR	STERLING
New York lunchtime:	New York lunchtime $1.0885
DM 3.372	London: $1.084 (1.0805)
FFr 10.31	DM 3.66 (3.655)
SwFr 2.8715	FFr 11.165 (11.1725)
Y260.55	SwFr 3.115 (3.11)
London:	Y282.25 (281.5)
DM 3.77 (3.3845)	Sterling Index 72 (71.8)
FFr 10.31 (10.3375)	**LONDON MONEY**
SwFr 2.8755 (2.8785)	3-month interbank:
Y260.5 (same)	Closing rate 13¾% (13⅞)
Dollar Index: 154.7 (154.9)	3-month eligible bills
Tokyo close: Y260.8	buying rate 13⅜% (13½)
U.S. LUNCHTIME RATES	**STOCK INDICES**
Fed Funds 8¾%	FT Ord 1,002.5 (+12.4)
3-month Treasury Bills:	FT-A All Shares 630.16 (+0.7%)
8.38%	FT-SE 100 1,309.9 (+10.2)
Long Bond: 95 ⅞	FT-A long gilt yield index:
yield: 11.82	High coupon 10.78 (10.86)
GOLD	New York lunchtime:
New York: Comex March latest	DJ Ind Av 1,258.81 (−1.44)
$290.6	Tokyo:
London $294.5 (297.5)	Nikkei Dow 12,468.03 (+63)

Chief price changes yesterday, Back Page

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For London market and latest share index, 01-246 8026; overseas markets, 01-246 8086.

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 39; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 35p; Malta 30c.

Stock Exchange reform plans prompt concern

BY JOHN MOORE, CITY CORRESPONDENT

THE STOCK EXCHANGE plans a radical reform of its examination system, and intends to create a new category of member as part of its overall reforms of the membership structure.

The plans, expected to be unveiled next week in a "white paper" outlining the membership reforms, are likely to prove controversial. Already hints of the examination proposals are causing concern about major users of the market who fear professional standards will decline.

The Stock Exchange proposes to create a grade of member called "registered representative." The new category is designed to take account of the fact that many employed in the restructured securities market will be making markets in buying and selling of stocks and shares over the telephone.

The "registered representative" will have to pass an examination on Stock Exchange practice before he is recognised and permitted to take orders for buying and selling of shares.

At the other end of the scale the examination system for recognition of principals of stockbroking and stockjobbing firms will be simplified.

At present those who become principals of broking or jobbing firms, as partners, bave to take four papers: Stock Exchange practice: technique of investment; interpretation of company report and accounts; and taxation.

Undar the proposed constitutional changes those outside groups seeking to own Stock Exchange firms must have a certain number of senior executives who are members of the Exchange and have completed the examinations.

The number of members each firm will have to field will be determined by the size of the firm. A formula, establishing a ratio, is to form part of the constitutional changes.

A formula to fix the number of "registered representatives" has also been devised, and will again be related to size of firm.

The anxiety felt by soma major outside investors is that the system being devised will lower the overall standard if there is any attempt to make the examination system little more than a formabty. They fear that the examination rules are being adapted to suit the big outside financial concerns seeking access to the British securities market.

Partnership move by stockjobber

By John Moore, City Correspondent

WEDD DURLACHER Mordaunt, the stockjobber, is seeking Stock Exchange approval to promote 40 of its staff to partnership status, raising the number of partners to 105.

Mr John Robertson, senior partner, said yesterday: "We need those partners on board There are some very attractive offers being made in the highways and the byways and we want to retain good people."

Wedd Durlacher has been hit by a wave of departures Six members of its European department joined Mr Hugh Hughes, former Wedd Durlacher man, at Sovory Milln, the stockbroker. to run its international dealership.

Mr John Hutcheinson, a senior gilt dealer, is joining Merrill Lynch and two other dealers have left, one to join Wood Mackenzie and another to join an U.S. investment bank;

Last year Wedd Durlacher did not pay staff an interim bonus because of the trading conditions in the gilt-edged market

BP launches petrol promotion game

BP yesterday launched a petrol promotion using a forecourt game imported from the U.S.

Service stations will list 100 vehicle registration numbers a week and drivers of those vehicles will be eligible for prizes of up to £1,000.

Lloyd's syndicate faces £9.5m underwriting loss

BY JOHN MOORE, CITY CORRESPONDENT

ABOUT 400 underwriting members of Lloyd's insurance syndicate number 90 face a £9.5m loss in their latest underwriting account, which bas just closed.

The syndicate, managed by interests of Merrett Holdings, one of the largest underwriting agencies in the Lloyd's insurance market, bas been hit by potentially large losses on asbestosis claims and seepage and pollution risks.

Mr David Robson, tbe executive looking after the syndicate's affairs, said yesterday: "This is symptomatic of wbat is emerging in the non-marine market for the 1982 account. We are seeing the worst underwriting results since 1964 and 1965.

"We have had to upgrade our reserves for asbestosis losses and seepage, and pollution losses."

Management of Syndicate 90 transferred to Merrett last year when Stewart Wrightson, an insurance broker, disposed of a managing agency company to Merrett as part of its divestment plans.

By 1987 all insurance brokers will bave had to sever their shareholding links with underwriting agencies which run insurance syndicates at Lloyds as part of Lloyd's legislative reforms.

The problems of Syndicate 90 have been exacerbated by a large liability claim from Sbell. The $200m (£184.5m) claim is going through world insurance markets following a U.S. ruling which found Sbell liable for pollution damage arising from a dump in Nevada.

Councils' rates challenge fails

THREE COUNCILS challenging Government spending limits lost their High Court case yesterday.

The three authorities—Bradford, Derbyshire and Nottinghamshire—are likely to appeal.

They claim the Government acted unlawfully in settting their targets and cash allocations for rates support grants.

Bradford claims it lost £4m in grant, Nottinghamshire £6.7m and Derbyshire says it lost £12.3m through a technicality in the grant system.

Mr Justice Kennedy found that the approach adopted by Mr Patrick Jenkin, Environment Secretary, was not unreasonable.

Also in the High Court, judgment was reserved in a claim by the Greater London Council and the Inner London Education Anthority that Mr Jenkin had acted unfairly in the way he went abont setting their rates.

Mr Kenneth Baker, Minister for Local Government, said yesterday the Government would not negotiate with rate-capped authorities. He told a meeting of the Association of District Councils in Portsmouth that rate-capped councils should follow the example of Portsmouth, which had made it clear that it was not prepared to flout the law.

Shell studies £200m refinery investment

BY DOMINIC LAWSON

SHELL IS considering investing more than £200m in the construction of a refining unit et its Stanlow refinery in Cheshire.

Just over e week ago Shell announced that it was to sbed 1,000 jobs at the complex over the next two years. At that time Shell said Stanlow was "very costly to operate" and had "too many facilities for today's business."

The investment would involve the construction of a catalytic cracker, a refining unit designed to break down beavy oil into a lighter product. The catalytic cracker now operating at Stanlow is so old that its maintenance costs are becoming insupportable.

However Shell's decision on whether to make the investment wil ldepend on the success of its programme for cutting costs and raising productivity at Stanlow.

Shell appears to be embarking on big rationalisation of its European refining business, having announced five months ago thet it is to close a third UK refinery, at Teesport.

On Thursday Sbell revealed that it had lost money on refining and marketing in France, West Germany and the UK last year.

Mr Peter Holmes, cbairman-elect of Shell Transport and Trading, said thera would have to be a number of refinery closures in Europe if the industry were to make a reasonable return on its investment.

Jaguar to raise prices by 2.9%

By John Griffiths

UK PRICES of Jaguar cars are to be increased from Monday by an average of 2.9 per cent. It is the first rise since last May.

Jaguar yesterday said the increasa was well below the rate of inflation and had been kept down mainly because of productivity improvements.

It will also have been belped by the highly-favourable relationsbip of the pound to the dollar in the U.S., wbere about half of Jaguar's output is sold.

The company can claim that its UK price increases over the past four years have been only about half those of its main competitors.

Since spring 1981, for example, the price of the cheapest Jaguar 3.4 bas risen by 11.1 par cent, from £13,312 to £14,795, while that of the most expensive Daimler Double Six has gone up by only 3.4 per cent, from £25,755 to £26,495.

Vauxhall creates 100 production jobs

VAUXHALL bas created 100 jobs at its Ellesmere Port, Cbeshire, factory to build Astra cars.

The workers will help increase the car production rate from 25 to 27 an bour. This is still eight cars an hour balow capacity.

Type 42 destroyer to leave Tyne

HMS YORK, the last in the line of Type 42 destroyers for the Royal Navy, is to leave the River Tyne on March 23 to prepare for service.

Final machinery trials on the vessel, built by Swan Hunter Shipbuilders, which is being delivered on time, will be carried out en route to Rosyth, Fife.

Record prices for modern British art

THE STRENGTH of demand for pictures by modern British artists was confirmed at Christie's yesterday when 18 auction record prices were set in the morning session.

The Jubilee Hat set a record price of £43,200 for a work by Frank Bourdillon. The top price of the day was the £81,000 paid for Study of the Start, a racing picture by Sir Alfred Munnings.

Opinion survey on Sizewell B inquiry

THE CENTRAL Electricity Generating Board has commissioned an opinion survey on its public information efforts in the wake of the public inquiry into the Sizewell B nuclear power station in Suffolk.

The survey, which will cost in excess of £10,000, will be carried out by the University of Suffolk. Among 600 people to be interviewed will be local authority representatives, environment group officials, journalists and members of the public.

Store group to obey Sunday trading laws

DEBENHAM'S, the department store group, promised a High Court judge in London yesterday not to break Sunday trading laws at its Cambridge store.

Mr Justice Steyn discbarged an injunction granted to Cambridge City Council by Mr Justice Bingham ou December 13 banning tha store from trading on two Sundays before Christmas.

Campaign on adverse drug reactions

AN ADVERTISING campaign aimed at encouraging more doctors to report adverse drug reactions starts next week.

It is being launched by the Committee on Safety of Madicines and tbe Association of British Pharmaceutical Industries in the medical press and seeks doctors' co-operation in notifying the committee of suspected adverse reactions to medicinal products.

BA leases jets from Air Lanka

BRITISH AIRWAYS has leased two TriStar 500 jet eircraft from Air Lanka, the airline of Sri Lanka, for use on the South American route network it takes over from Britisb Caledonian Airways this spring.

£100m construction contract awarded

A JOINT VENTURE of Balfour Beatty and Fairclough bas been awarded the Thorp main building and civil engineering contract by British Nuclear Fields at Sellafield, Cumbria.

With a tender value of more than £100m, it is one of the largest single contracts to be let in the construction industry in recent years.

Metal Box to make 50 redundant

METAL BOX announced yesterday that 50 jobs, balf the workforce, are to go by the end of April at its paper group plant on the Speke industrial estate in south Liverpool.

It says redundancy payments will be in excess of government guidelines. The loss of a contract is blamed for the cuts at the plant.

Army set to replace quarters for £80m

BY RICHARD TOMKINS

ABOUT HALF the married qusrters in the garrison town of Aldersbot, Hampshire, and some of the barracks are likely to be replaced in the next 10 years at a cost of about £80m.

The Victorian garrison was largely rebuilt during the 1960s using system building methods wbicb the Army now regards as unsuitable. It wants to return to traditional building styles.

Lt-Col Alec Samson, Soutb-east district head of quartering, said: "We are simply facing the same sort of problems as the local authorities and everybody else who adopted system-building methods in the 1960s.

"They seemedto be a great leap forward at the time: it's just unfortunate thst they baven't turned out to be very successful."

The two estates with the highest priority for replacement are the Talavera estate, consisting of 120 four-storey mainsonettes and 170 patio houses, and Willems Park, consisting of 411 mainsonettes of six or eight storeys.

Lt-Col Samson said wood and glass bad been extensively used in the construction of the Talavera estate and much of the wood bad gone rotten, leading to leaks, cracks in the sills and dampness. There were no adequate fire escape routes from the upper storeys.

Willems Park suffered from poor heat insulation and dampness.

Both estates were deteriorating and a cost appraisal had shown that it would be cheaper to demolish and rebuild them than to go on repairing them.

About 140 of the 700 married quarters on the two estates have already been vated. More of the garrison's 2,000 married quarters are also said to be deteriorating.

The first phase of the rebuilding programe bas already begun. A site has been cleared for the construction of 276 houses of conventional timber frame and brick construction with pitched roofs, the tender for which will be put out this year.

When these are complete, the Talavera estate will be demolisbed and 238 replacement bouses built allowing the demolition of Willems Park. This work is expected to take about five years and cost £15m.

Other plans for the next 10 years include th construction of two infantry barracks et a cost of £25m to ease the pressure on the deteriorating Montgomery Lines barracks and the modernisation or reconstruction of Cambridge military hospital at a cost of up to £20m. This programme is subject to approval from the Ministry of Defence.

Readheads' assets taken over

BY WALTER ELLIS

TYNE DOCK Engineering of South Shields, yesterday confirmed its takeover of the assets of Readheads, a neighbouring ship repair yard, which has gone into voluntary liquidation with losses of £250,000.

Under a deal struck with British Shipbuilders, which owns the freehold to Readheads' West Dock premises, the lease on West Dock will be transferred to Tyne Dock which also intends to exercise an option to purchase the freehold for an undisclosed sum.

The immediate sdvantage of the deal to Tyne Dock will be the full-time svailability of Readhead's docking facilities. Tyne Dock can accommodate ships of up to 2,000 tonnes, but West Dock can take vessels of 9,000 tonnes.

About 30 of the 80-strong workforce of Readheads will be re-employed by Tyne Dock on a permanent basis. Casual work could be found for the rest, depending on orders.

Readhead was formed 18 months ago with £110,000 of redundancy mouey contributed by South Shields workers laid off by Britisb Sbipbuilders.

But the yard, now run by its worker-shareholders, was never a success. Top-level management skills were lacking, and low pricing soon threw tha operation into debt.

Tyne Dock, part of Zenta Engineering Holdings, of Glasgow, employs 85 workers in South Shields. Like other Zenta yards, it operates on a no-strike, no-demarcation dispute basis and offers employees a chance to share in company profits.

Mr Bert Ellison, cbairman of Zenta Holdings, said yesterday that if Tyne Dock's new combined operation in South Shields was to make money, work would bave to be found for 200 or more men.

Decline in all new work on housing

By Lynton McLain

NEW WORK in the public bousing sector was 13 per cent lower in the last quarter of last year compared with the corresponding period in 1983. New private bousing work in the fonrth quarter and private housing work fas 2 per cent up according to Environment Department figures.

In the public non-bousing sector in the fourth quarter new work was 6 per cent down on the previous quarter and 9 per cent lower than in the corresponding period a year earlier.

New construction work in the private industrial sector in tha fourth quarter was 5 per cent higher than in the previous quarter and 34 per cent higber than in the corresponding period of 1983.

Total output in the construction industry in Britain last year was 3 per cent higher than in 1983. Output in fourth quarter 1984 was 2 per cent lower than in the third quarter and unchanged compared with fourtb quarter 1983.

These figures are based on the value of construction work, including repair and maintenance, at constant 1980 prices.

Total fourth-quarter repair and maintenance work fell by 4 per cent compared with the third quarter but rose by 2 per cent compared with the fourth quarter of last year.

Repair and maintenance work in the housing sector, including improvement work, was 9 per cent lower in the fourth quarter

Guide confirms exam changes

By Michael Dixon, Education Correspondent

A GUIDE to the first stage of Secretary, in the 16-plus examinations in England and Wales was published by the Government yesterday.

It confirms that the summer of 1988 will see the first staging of the combined General Certificate of Secondary Education exams, replacing the separate ordinary levels of the General Certificate of Education and the Certificate of Secondary Education.

Since entrants spend two years preparing, study courses for the new papers will begin in September 1986.

GCSE: A General Introduction; National Criteria for BCSE, £4.25. Both HMSO.

Antibiotic import bid fails

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A DUTCH drug company's attempt to compete with tha Beecham Group in the UK market for a bronchitis antibiotic during next winter's "bronchitis season" has failed in the High Court.

Gist-Brocades and its UK associate, Brocades (Great Britain), were refused an order yesterday requiring tha Comptroller-General of Patents to settle the terms of a licence to market in the UK Amoxycillin. Beecham own the patent of this.

Tha patent, for 16 years, is classified as an "existing patent" under the 1977 Patents Act. The Act provides for patents to be extended for four years, during which there is a right to obtain licences for them.

Last year Gist-Brocades tried to negotiate with Beecbam for a licence, and when Beecham said the application was premature asked the Comptroller-General to settle terms of a licence, but he said he could not start the licensing process till the 17th year began.

The Dutch company contende that if its application could not be processed in advance, a licence could not be obtained until well into the extended term.

Mr Justice Falconer ruled that the Comptroller-General was correct in saying he could not until the patent became subject to "licences of right" after the 16 years.

Gist-Brocades will appeal against tha ruling.

Andreotti in race against time to turn the Ten into Twelve

Quentin Peel on next week's ministerial meeting on EEC enlargement

SIG Giulio Andreotti, the wily and experienced Italian Foreign Minister and former Prime Minister, faces one of the greatest challenges of his negotiating career when he takes the chair on Sunday at the start of a marathon ministerial meeting.

Over the next four days he has to brow-beat, wheedle and cajole his EEC colleagues and their Spanish and Portuguese counterparts into agreeing the substance of all the outstanding issues left in the negotiations for the enlargement of the Community from 10 to 12.

Some would say the outcome is in the lap of the gods. "We all know Sig Andreotti is a good Christian Democrat," said one Iberian diplomat. "On Sunday he will need all his conviction to persuade his colleagues to confess."

His first problem will be to get the Ten to agree a common negotiating position on everything from agriculture and fisheries to financial relations with the new members. Secondly, he will have to sell that package to Spain and Portugal, whose negotiators have become both suspicious and disillusioned by many months of abortive discussions.

Yet, even if he manages to complete that course by Wednesday night, as an increasing number of Brussels officials and diplomats cautiously believe possible, he still has to overcome the hurdle of Greece. Mr Andreas Papandreou, Greece's Prime Minister, has demanded more money for the Mediterranean before he will accept the final enlargement terms.

On top of all that, Sig Andreotti has to try to thrash out a budget deal among member states, with West Germany insisting that an increase in long-term contributions to the Community must be linked to the date of enlargement.

It is the German precondition which has given the enlargement negotiations their greatest urgency, although there is a real fear that any delay in Spanish and Portuguese membership beyond the promised date of January 1 1986 could cause a profound political backlash in those countries.

The Ten are still functioning this year without a formal budget, getting by from month to month on provisional twelfths of last year's spending (or what was proposed for this year, if it happens to be less). That means no programmes can be introduced, and problems are looming in financing some parts of the Common Agricultural Policy beyond mid-year.

Germany is blocking any move to finance the budget shortfall, estimated by the European Commission at some Ecu 3bn (£1.8bn), by increasing the rate of contributions to the Community's "own resources" from the 1 per cent VAT ceiling to 1.4 per cent, before the date of enlargement.

If next week's negotiations fail, then that date seems certain to slip back beyond next January, making it impossible to draw up a 1986 budget on the basis of increased contributions, let alone meet the 1985 gap.

As so often with the EEC, the threat of dire consequences has done wonders to concentrate the collective minds of the negotiators, and the enlargement talks have accelerated dramatically. Very real problems remain nonetheless on the four major areas under discussion.

The Ten are expected to reach a common position on fisheries, regarded by many as the most difficult dossier of all, in time to present to Spain on Monday. But it will still be an offer which would severely restrict the operations of the huge Spanish fishing fleet in Community waters for the remaining 17-year life of the Common Fisheries Policy.

Agricultural trade is the other area where the terms likely to be offered are very tough: both France and Italy are concerned to restrict the access of Spanish fruit and vegetables for as long as possible.

The Ten have moved some way to meet Spain's counter demand for restrictions on their own farm exports to the Spanish market. They have proposed quantitative limits on some products — although the Netherlands objects to that in principle. "It is too late for theological objections now," said one senior diplomat.

A problem remains on the tough terms for Spain's citrus exports, especially oranges. Spain wants the system of reference prices, which make Spanish exports uneconomic, scrapped after the first four years.

On social affairs, both Spain and Portugal are concerned at the desire of the Ten to restrict the access of migrant workers' families to jobs for an extended period of up to 10 years.

They argue that it is a real infringement of free labour mobility. On that issue, Britain has a particular concern about any sudden inflow of workers into Gibraltar.

If they can sort out such practical issues of real political concern on both sides of the table, the Ten and the Two then have to resolve the financial underpinning of the whole equation: how much Spain and Portugal will be repaid of their contributions during the transitional period, before they are enjoying the full benefits of Community membership.

It is accepted in Brussels, with unfamiliar generosity, that the new members can hardly be expected to be net contributors from the start.

On that score, an agreement in principle is possible, even if the figures will be left for the technical experts to resolve.

Which only leaves the Mediterranean programmes and the budget. On the former, "We haven't got near getting any kind of negotiation on the subject yet," one national representative said last week. On the latter, nobody knows when Bonn will move, but it is unlikely to be before the enlargement terms are sealed, if not signed.

Peking sees better relations with Moscow

BY MARK BAKER IN PEKING

CHINA is optimistic that the change of leadership in the Kremlin will bring a significant improvement in Sino-Soviet relations.

Chinese officials are emphasising the warmth of contacts with the Soviet Union this week and pledges by the new Soviet leader, Mr Mikhail Gorbachev, to seek a "major" strengthening of ties with Peking.

The dealings of the two sides during the transition rituals in Moscow have been in marked contrast to the frosty formality after the death of President Yuri Andropov early last year.

China was firmly snubbed when the head of its delegation to Mr Andropov's funeral, Vice-Premier Wan Li, was not included in the round of meetings between President Konstantin Chernenko and the principal foreign mourners.

This time, China sent Li Peng, a more junior Vice-Premier, but one of a powerful new group of technocrats rising in the Chinese leadership.

Just as Mr Gorbachev ushers a new generation into the Soviet leadership, Li is part of a new emphasis on youth and talent within the ageing Chinese hierarchy. At 56, he heads China's crucial energy programme, has an increasingly high profile in general government affairs and travels abroad frequently.

Li, who studied engineering in Moscow for six years, and speaks fluent Russian, has been given a remarkably warm welcome in Moscow this week.

During a meeting with Mr Gorbachev yesterday, Li said he believed Sino-Soviet relations will be improved continuously with the joint efforts of both countries.

"China is willing to work forward, further developing relations between the two countries in political, economic, scientific and technical and cultural fields," he said.

"China and the Soviet Union are two great neighbours and Socialist countries, and the improvement of Sino-Soviet relations is not only beneficial to the two peoples, but also to peace throughout Asia and the world."

China and the Soviet Union split over ideological and territorial disputes in the early 1960s and while they maintain diplomatic relations, the two Communist Parties still have no official contacts.

Relations continue to be soured by bitter disputes over Kampuchea, Afghanistan and Soviet military power in the Far East. But tensions have been eased since a visit to Peking in December by the Deputy Soviet Prime Minister, Mr Ivan Arkhipov.

China is anxious to see further improvement and Foreign Ministry officials have indicated that they take heart from the positive statements made by Mr Gorbachev since his election.

In his first speech as leader this week, Mr Gorbachev declared: "We would like a serious improvement in relations with the Chinese People's Republic and believe that, given reciprocity, this is quite possible."

According to Chinese reports, he told Li yesterday that he wanted Sino-Soviet relations to improve "in a major way" and said they should heighten the level of dialogue and broaden co-operation.

The Bank of China's President and vice-chairman Jin Deqin has left his posts and a successor has not yet been named, the bank's protocol department said, Reuter reports from Peking.

Asked why Jin had left the presidency, the official said: "It is a job move, which is common in China." But he did not know what Jin's new position would be.

Other Chinese officials said privately that Jin had been severely criticised in a confidential Communist Party document last month. They gave no reasons for the criticism.

India aims to boost industrial growth

By John Elliott in New Delhi

A MAJOR restructuring of India's industrial policy to boost industrial growth from 7 per cent to between 8 and 9 per cent a year is likely to be launched in the country's annual budget today.

This was foreshadowed in India's economic survey yesterday which said that "industrial performance remains below expectations, and fresh initiatives are clearly necessary to spur dynamism in this sector."

The survey, published by the Ministry of Finance, also showed that the Government intends to relax its import substitution policies so that foreign machinery will be welcomed to boost efficiency.

There will also be more emphasis on economics of scale in manufacturing industry, and licensing controls are to be relaxed further.

The survey warned that the economy was showing "signs of strain in some areas which could present problems in the years ahead," even though the performance of the economy has generally improved in the past year.

The annual rate of inflation at the beginning of last month was only 4.6 per cent compared with 10.8 per cent a year earlier, mainly because continued good harvests have helped restrain price rises.

The current account of the balance of payments improved during the 1984-85 financial year now ending. Measured in rupees, exports grew by 23 per cent in the first eight months of the year compared with only 7 per cent a year earlier.

But imports rose 14 per cent compared with a decline of 4 per cent in the same period of the preceding year, and the trade deficit, for the eight months, was only slightly down to Rs30.17bn from Rs30.80bn (£2.1bn).

Rapidly increasing domestic production of crude oil—up from 11.9m tonnes in 1979-80 to an expected 29m tonnes in 1984-85—has helped cut India's import bill.

But a likely decline in remittances from Indian workers in Gulf countries, and problems of repayment of international loans, means that accelerated export growth is needed, the survey says.

The growth in Gross National Product for 1984-85 is expected to be around 4 per cent, down from 7.4 per cent in 1983-84.

Lebanon Army seizes Beirut access points

BY NORA BOUSTANY IN BEIRUT

THE LEBANESE Army took control of access points to the approaches to the eastern half of Beirut yesterday, amid fears that the rebellion by Christian militia may increase friction in the country, and invite Syrian military intervention.

Syria warned leaders of the revolt yesterday that it could not remain indifferent to what officials in Damascus described as a "suspicious move linked to the Israeli enemy."

Syria still has troops in Northern Lebanon and the Bekaa Plain and could easily order its soldiers to close in on Christian rebels entrenched in the Kesrouan Hills and Byblos region from both directions. Its artillery positions also overlook the Christian heartland.

The Christian rebel commander, Mr Samir Geagea, declared an uprising after he seized control of militia barracks in the Kesrouan and Byblos regions north of Beirut on Tuesday.

The Christian dissidents, who stem from the Phalange-dominated Lebanese forces, have distanced themselves from the mainstream Phalange Party loyal to the Lebanese President, Mr Amin Gemayel, and have underlined their opposition to what they see as "excessive Syrian meddling" in internal Lebanese affairs.

Scattered clashes between Phalange elements loyal to the President and Mr Geagea's followers, as well as brief battle between rival Christian militiamen on the northern outskirts of Beirut, have enhanced a mood of caution and uncertainty over the future of the Gemayel régime.

Lebanon's Prime Minister, Mr Rashid Karami, and his Moslem Ministers Mr Nabih Berri, Mr Walid Jumblatt and Mr Selim Hoss, were summoned to Damascus yesterday, where they conferred with Syria's Vice-President Abdel Halim Khaddam over the

Israeli inflation rises above 400% a year

By Our Tel Aviv Correspondent

THE ISRAELI inflation rate has leapt back to over 400 per cent a year, undermining the Government's wage-and-price restraint agreement with trade unions and employers.

The central bureau of statistics announced yesterday that the inflation rate in February was 13.5 per cent, compared to January's 5.3 per cent and December's 3.7 per cent.

Prices rises affected everything except clothing and shoes, the bureau said and the inflation rate for the past year was 405.9 per cent.

The jump to a double-digit monthly inflation rate had been expected but dealt a serious blow at the wage and price restraint agreement.

The wage and price restraint pact, which went into effect on February 5 and is scheduled to last until October, aims to keep monthly price increases under 5 per cent.

Mr Yitzhak Modai, the Finance Minister, told the Histadrut trade union federation that the Government still wanted to stick to this limit. He undertook to examine the unions' proposal for a total wages and prices freeze for two months after allowing manufacturers to raise prices once more by 6 per cent.

A three month freeze was responsible for the low December-January inflation rates but the Government spent vast sums maintaining subsidies on imported fuel and basic foods.

Italy's trade balance stays in red

By Alan Friedman in Milan

ITALY'S balance of trade, which in 1984 suffered a record L19.206bn (£8.5bn) deficit, is continuing in the red.

According to provisional figures released by the Government Statistical Office, Italy in January suffered a L2.720bn trade deficit, more than double the deficit recorded in January 1984.

Among key factors contributing to Italy's poor January trading performance was the strength of the dollar against the lire (which made imports more costly) and a sharp rise in energy imports due to the harsh winter.

Aside from the 27 per cent rise in energy imports, agricultural and food imports also rose, as did electronics goods imports. The strongest export performances are still being notched up by Italy's textiles and engineering sectors.

In January, Italy imported L12,960bn-worth of goods, a 14.3 per cent increase on the same period last year. Exports meanwhile, fell by just under one per cent, to L10,240bn.

U.S. industrial production falls

BY STEWART FLEMING IN WASHINGTON

INDUSTRIAL production in the U.S. slumped 0.5 per cent in February, as mounting foreign competition hit the manufacturing sector, the Federal Reserve Board said yesterday.

Economists have been expecting weakness in the industrial sector since last week when the Labour Department reported a decline in manufacturing employment and hours worked last month. But few had expected an actual decline in output.

Economists generally see the news as confirmation of the steady erosion of domestic manufactures' market shares as a result of surging imports. But the precise implications for the output of the total economy in the first quarter are unclear.

"This does not mean the economy is weak," said Mr Roger Kubarych, chief economist at the Conference Board in New York, pointing out that

Mr Larry Speakes, the White House spokesman, commenting on yesterday's economic data, focused on the 0.1 per cent decline in wholesale prices reported yesterday, which he described as a "remarkable achievement."

But privately, Administration officials concede to deepening concern about the dollar's strength and the surging trade deficit.

Japan economy grows by 2.3% in last quarter

BY ROBERT COTTRELL IN TOKYO

JAPAN'S gross national product (GNP) grew by 2.3 per cent in real (inflation-adjusted) terms in the October-December quarter of 1984, compared with the previous quarter.

The increase is equivalent to an annualised growth rate of 9.6 per cent, the highest quarterly rate recorded since January-March 1977.

The four-quarter surge means that the Japanese economy expanded by 5.8 per cent in the 1984 calendar year, the fastest calendar year growth since 1973. It compares with inflation-adjusted growth of 3.4 per cent in the 1983 calendar year.

The strongest-performing sectors of the economy during the period were exports and private-sector capital investment, but personal consumption remained weak, according to the Government's Economic Planning Agency.

The October-December GNP growth rate was sharply higher than the 0.6 per cent quarter-on-quarter growth recorded for the preceding July-September period.

Economists say Japan's growth is being helped by the weakness of the Yen relative to the U.S. dollar.

Nomura Research Institute, an affiliate of Japan's largest stockbroker, says in its March Investment Review that a weakening of Y10 in the Yen/Dollar rate over one year adds 0.2 to 0.3 per cent to the economy's annual growth rate.

The Yen is currently traded at around Y260 to the U.S. dollar, compared with a 1984 high of Y223/US$ on April 11.

Japan's 1984 export surge was led by increased sales to the U.S., which accounted for some 75 per cent of all export growth.

But, as the U.S. demand began slackening late into the calendar year, exports received a fourth-quarter boost from higher Chinese orders.

Bomb blast kills 6 and wounds 10 in Tehran

SIX PEOPLE died and 10 were injured yesterday when a bomb exploded during prayers at Tehran University. The Iranian news agency said one of the six who died was a terrorist who had detonated explosives strapped round his waist, our Middle East Staff writes.

President Ali Khameini was forced to break off his sermon briefly but he went on to blame the opposition Mujahadeen for the blast and to warn Iran that a major offensive was being planned in the Gulf war.

Iraq, meanwhile, claimed it had launched a successful counter-attack in the southern sector of the war-front and had inflicted heavy casualties on the Iranian troops who had penetrated the Hawizah Marshes on Monday.

A military communique from Baghdad said the Iranians were in full retreat and had left behind thousands of dead. Iran said its forces were consolidating positions west of the international border.

How trouble hit savings group

BY OUR NEW YORK STAFF

The order by Ohio state officials that the State's 70 insured savings and loan institutions should close for three days in an attempt to halt a run on investor deposits prompted by fears about the repercussions of the failure of ESM Government Securities 12 days ago. The collapse of ESM has sent widening ripples throughout the U.S. financial system. Major events of the last 12 days

- March 4—ESM ceases trading after Securities and Exchange Commission obtains a court order. Auditors begin examining ESM's books.
- March 5—Florida district court judge freezes all assets after auditors find that ESM hid losses estimated at between $250m-$300m;
- March 6—Federal Reserve Bank of New York says its has no evidence that the losses are of "unmanagable proportions in the dealer community;
- March 7—Court-appointed receiver for ESM asked a federal judge to unfreeze some of its assets in an effort to aid municipalities that face financial problems as a result of their dealings with ESM;
- March 8—A federal district court judge freezes assets of the former officers and directors of ESM and approves an order compelling Bradford Trust Company, ESM's principal clearing agent, to hand over records of ESM security transactions;
- March 9—Home State Savings Bank of Cincinnati, Ohio, is closed and put up for sale after depositors withdraw an estimated $90m, prompted by its investment in ESM. Home State's losses could total $150m;
- March 11—American Savings and Loan Association of Florida says it will lose $55.3m after taxes, due to the failure of ESM. American Savings' shares plunge;
- March 12—The city of Toledo, Ohio, says it faces loss of $19m invested through ESM.
- March 13—Mr Paul Volcker, chairman of the Federal Reserve, holds emergency meeting with Ohio thrift executives and assures them that the central bank will provide cash advances at the discount rate to help threatened institutions. Ohio Legislature sets up a $90m emergency insurance funds for savings institutions;
- March 14—SEC reveals that it is investigating the performance of Alexander Grant and Co, in auditing ESM. Ohio banking officials urge calm as investors withdraw millions from State thrifts.

French consumer price rise slows

THE SLOW improvement in France's inflation rate continued in February with a 0.5 per cent increase in the consumer price index, according to provisional figures issued yesterday, David Housego reports from Paris.

This represents a year-on-year increase in the French inflation rate in February of 6.4 per cent, compared with 6.7 per cent for the whole of 1984.

The February increase brings the cumulative increase for the first two months of the year to 1 per cent as against a government objective for 1985 of 4.5 per cent.

The state statistics institute, Insee, has however, forecast that the pace of price increases will be higher in the first half of the year because of increases in public-sector tariffs, rents and certain private-sector charges.

Mexico to charge 12 in kidnap case

THE Mexican Attorney General's office announced yesterday that charges would be brought against 12 people, seven of them policemen, in connection with the kidnapping and murder of Sr Enrique Camarena, the U.S. Drugs Enforcement Administration (DEA) agent.

Mr Camarena's body was found at a farm on the Pacific coast last week.

The Mexican authorities arrested 13 people but one of the detainees died while in police custody, the statement said.

Tokyo gives U.S. hope on telecommunications

BY CARLA RAPOPORT IN TOKYO

THE JAPANESE Government yesterday gave U.S. negotiators a glimmer of hope that it will yield to Washington's demands for greater opening of the Japanese telecommunications market.

At the end of a third round of talks, both sides said a "constructive exchange of views" had taken place and that "some progress was made" in the negotiations, involving not only the telecommunications sector, but electronics, pharmaceuticals, medical equipment and forest products.

The focal point of the talks is the break-up, effective on April 1, of the NTT, the telecommunications monopoly, which will lead to access by private-sector concerns, and it is hoped, foreign companies, to the national telecommunications market.

According to Mr W. Allen Wallis, the U.S. negotiator, "no definite conclusions" were reached, but he said a written report from the Japanese on their interpretation of U.S. demands would be presented "within a few days."

Japanese negotiators told a Press conference yesterday that a "single, independent" organisation would deal with certification of all telecommunications equipment sold in Japan.

One pledge was that the Japanese would cut the registration time required for foreign companies to launch specialised communications services, known as Value Added Networks, to 20 days from 30 days, although the Americans are pushing for a much greater reduction.

Finland finds 8 guilty of bribery

EIGHT employees of Siemens of Finland and Kymi-Strömberg, a Finnish company, have been convicted of bribing the country's civil servants in connection with the construction of the Helsinki underground railway in the 1970s. They received fines and suspended sentences, writes Olli Virtawen in Helsinki. Eight civil servants were also convicted. Siemens was responsible for the electrification and control systems of the railway, while Strömberg, which later merged with Kymi-Kymmene, was part supplier of the rolling stock.

Belgium outlines tax reforms

BY PAUL CHEESERIGHT IN BRUSSELS

BELGIUM'S centre-right coalition Government yesterday put forward a wide-ranging programme of personal tax reform lasting until 1989 and sought to tighten its grip on official spending by announcing further cuts for this year of BFrs 27.5bn (£377m).

As the tax changes will not be applied until next year, the programme is in effect part of the manifesto on which the Christian Democrat and Liberal political groupings will fight the general election expected in December.

The need for further budget cuts arises because official expenditure has been running ahead of the 1985 budget provisions while extra money needs to be found to finance dollar debts and extra contributions to the European Community.

The plan includes lifting the minimum income level at which tax will be paid, a cut in personal income tax and the indexation of tax schedules. The cost to the Government in the first year of 1986 will be BFr 16.2bn which will be clawed back through spending economies.

Swedish inflation rate climbs

WITH a general election only six months away, Sweden's Social Democratic Government appears to be losing the battle against inflation. Success in this battle is vital for its political and economic programmes, David Brown reports from Stockholm.

The administration is trying to push through a low nominal pay settlement with a promise that the inflation rate will drop to 3 per cent by the end of the year.

However, by mid-February, the inflation rate had climbed to 8.8 per cent from a year earlier. It has risen fully 1.5 per cent since the start of January.

Sweden's trade surplus dropped from SKr 5.9bn (£578m) for the two months ending February 1984, to SKr 0.6bn for the same period this year.

Pretoria, Maputo reaffirm pact

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICAN and Mozambican ministers in the Mozambique capital of Maputo have pledged their "full support" to faltering non-aggression pact between the two countries signed at Nkomati a year ago.

At a gathering of leaders of black southern African states last weekend, President Samora Machel of Mozambique is said to have accused South Africa of breaching the pact by continuing to support anti-government rebels in his country.

A statement issued after the meeting in Maputo on Thursday, attended by Mr Pik Botha, the South African Minister of Foreign Affairs, General Magnus Malan, the Defence Minister, and senior security officials from both sides, declared that the pact was essential for the development of the region.

Both sides, however, expressed concern over the increasing violence in Mozambique. After examining "progress made in areas of co-operation," the parties put forward unspecified proposals which would be put before their respective governments. Mr Botha is due to give further details at a press conference in Pretoria today.

- The South African Government must set a timetable for the dismantling of apartheid laws which had created an uncontrollable bureaucratic giant and made South Africa impossible to defend internationally, Mr Lou Wilking, the managing director of General Motors SA said. AP-DJ reports from Johannesburg.

He was opening the regional congress of the Association of Chambers of Commerce in Port Alfred, in the Cape, the scene of considerable black unrest in recent weeks.

Mr Wilking criticised the allocation of resources, saying South Africans and businessmen tended to look only at the things pertaining to the developed world. "When 80 per cent of South Africa's population is underdeveloped."

As an example, he questioned the need for the Koeberg nuclear power plant near Cape Town "when we sit on the biggest coal dump in the world."

Mr Pik Botha

Mr Wilking suggested the allocation of resources to black housing and education and halting programmes that do not make economic sense.

Rand Daily Mail to cease publication next month

BY JIM JONES IN JOHANNESBURG

THE RAND Daily Mail will cease publication on April 30, marking the end of an era in South African liberal journalism.

The newspaper, which was founded in 1902 under the editorship of Mr Edgar Wallace, has been a leading opponent of the country's apartheid racial policies for almost 40 years. Though constrained by steadily tightening legal restrictions, it still managed to report the views of the Government's staunchest critics.

The closure follows 10 years of mounting financial losses totalling R45.5m (£ m). In addition, the Sunday Express, which is also owned by South African Associated Newspapers, is to be merged with the Sunday Star, a competing Johannesburg newspaper.

A new publication, based on the RDM's financial pages and modelled on the Financial Times, is to be launched as South Africa's first national daily on May 1. The new publication, which will be called Business Day, will be targeted at an up-market readership, thereby breaking with the Rand Daily Mail's tradition of aiming at a broad spectrum of readers of all race groups.

In 1975, the South African Government secretly tried to buy the paper as a means of silencing it. The bid failed

Banco Filipino officials accused

The Philippine Central Bank yesterday filed charges of fraud and embezzlement against senior officials of Banco Filipino alleging that they illegally disbursed 250m pesos (£13m) of bank funds last year, Samuel Senoren writes in Manila.

Banco Filipino was closed by the central bank on January 25 after it was found to be insolvent despite government attempts to save it with a 3bn pesos emergency loan.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Satellite TV consortium to reject Unisat system

BY RAYMOND SNODDY

MEMBERS of Britain's direct broadcasting by satellite consortium have decided there is no possibility of going ahead with the £500m project using the Government's preferred supplier, United Satellites.

The Home Office has been told informally of the position. A plenary session of all 21 participants in the venture will be called next month to ratify he decision and tell Mr Leon Brittan, the Home Secretary, that DBS cannot go ahead in the UK with Unisat.

Companies in the Unisat consortium — British Aerospace, British Telecom and GEC-Marconi—are believed to have spent about £50m on the DBS project.

The DBS group—the BBC, the 15 ITV companies and five non-broadcasting organisations —will formally be told that Unisat's prices are unacceptably high. They also compare unfavourably with Britsat, a British company offering American technology.

Britsat's prices for a two satellite system, with the second satellite launched in the fourth year, are £30m a year for the first three years and £41m a year from year four to year 10.

Unisat's prices for the same system are £42m for the first three years and £52.8m a year for the rest.

In addition, Unisat wants a payment of £20m before work starts, Britsat wants £2m.

Britsat would therefore cost £379m for two satellites over 10 years and Unisat £515.6m.

A twosatellite system based on a single satellite for the first three years is risky, but, without any government support, it is the most the broadcasters can afford.

Mr Andrew Quinn, general manager of Granada Television, the project co-ordinator, is said to be convinced that the prices of the services offered are directly comparable.

In both cases the DBS consortium would only start paying the annual fee when the satellite had been launched and was working properly.

The outcome of the cost comparisons, and the unwillingness of the DBS consortium to pay Unisat prices, will be embarrassing for the Government. The Trade and Industry Department has spent weeks trying to prove Unisat's prices are internationally competitive.

Mr Quinn is likely to tell Mr Brittan that if the Government wants DBS to go ahead in the UK there are three options:

- A separate deal with British Aerospace bypassing Unisat.
- Using Britsat with RCA technology while negotiating for as much British content as possible.
- Public subsidy—an unlikely option given the Government's political approach in contrast with France and West Germany where DBS is being pushed ahead with government financial support.

Final decisions on Unisat will probably be delayed until next month until the BBC's £65 licence fee claim has been settled.

Unisat may then decide to sue the BBC to try to recover compensation for work done while the BBC was planning to go into DBS on its own.

Community radio trials likely

BY RAYMOND SNODDY

THE GOVERNMENT appears to be sympathetic towards the idea of setting up several experimental community radio stations later this year.

Between 10 and 20 stations could be permitted to try out varying forms of community radio in different parts of the country.

Mr Giles Shaw, Home Office Minister responsible for broadcasting, told the Radio Academy this week: "The idea of an experiment has obvious attractions."

A limited experiment could test the popularity of different types of community radio and give valuable experience of how it could be financed and fit into the existing broadcasting structure, Mr Shaw suggested.

Mr Leon Brittan, Home Secretary, has stressed he would like to see a "third tier" of radio established as soon as possible. The Government is looking at very local stations and radio for "communities of interest" such as ethnic minorities or specialist music fans.

Mr Shaw said the Government was still at the stage of identifying options for community radio and had not taken any decisions.

"It seems likely that whatever steps are taken to develop community radio may well have implications for sound broadcasting generally," Mr Shaw said. It might be a good idea to have a reappraisal of the structure of sound broadcasting in the UK.

Defence profits policy criticised

By Robin Pauley

THE GOVERNMENT'S policy on defence contract profits has been criticised by Sir Gordon Downey, Comptroller and Auditor General.

In the latest of his short and sharp National Audit Office reports, Sir Gordon refers to the Government's decision not to reduce the target profit rate for non-competitive defence industry contracts.

He says: "Even against the background of concern about the effect of the recession in the defence industry and the wish not to penalise new contractors, I am not sure these decisions took adequate account of the windfall of around £300m which had been assessed as likely to accrue to the industry from the continued payment from 1980 to 1984 of target rates of profit higher than comparable earnings in industry generally."

Earlier criticisms of defence contract profits by the Commons Public Accounts Committee may also not have been paid adequate attention.

However, Sir Gordon welcomes the decision to introduce inflation accounting into the profit formula, 11 per cent in semi-current cost accounting terms being considered by the Government's review board to be equivalent to 15.5 per cent in historic cost terms.

But the Treasury has so far been denied access to the information — which has been supplied to the defence industry — on which these accounting figures have been arrived at.

Sir Gordon says: "They have therefore been unable tn satisfy themselves as to the validity of the board's calculation. I question whether this denial of information is consistent with the Government's responsibility to parliament to account for the basis on which they have accepted the recommendation."

As long ago as 1974 the review board endorsed the Ministry of Defence view that ratios of the cost of production to capital employed should be calculated for smaller more relevant units where, in the case of large contractors, this would lead to a more equitable weighting of capital employed.

Ministry of Defence: profit formula for non-competitive government contracts— report by the Comptroller and Auditor General; SO; £2.60.

David Goodhart looks at union rivalry in provincial newspapers

Lessons of press technology war

CALLING OFF the national union/employer talks on the introduction of new technology into the provincial press made a messy and irregular pattern of agreements likely.

But after four months of the Portsmouth dispute and three weeks of the Wolverhampton conflict, some broad parameters appear to be emerging.

The two neatly opposing disputes point tothe alternative strategies available to managements who want to press ahead with direct-input.

Those who follow the Portsmouth path will deal first with the National Graphical Association and concede at least part of the union's argumeot for jobs in editorial departments.

They will do that at the expense of alienating the National Union of Journalists, the main editorial union. As the dispute at Portsmouth has shown, the NUJ is able to call upon considerable nationwide support in its efforts to resist NGA encroachment.

Many managements — aware of the NGA's greater muscle— will still follow the Portsmouth path, and there is talk of a similar deal emerging at the East Anglian Daly Tmes n Inswch.

NUJ officals hope that at least some managements will have been put off by the Portsmouth dspute. Perhaps they will be, but sceptics point to the fact that in a two week dispute with the NGA at Portsmouth several months aeo, the company lost nearly £250,000. In the course of the foud month NUJ stoppage, the company—albeit at the cost of editorial quality— has recouped about £200,000 of that.

It will also be difficult for the NUJ to spend £200,000 on every Portsmouth-style dispute.

However, the Portsmouth route still has problems for management. Even if the NUJ chapel finally accepts a deal next week (and it has now accepted the NGA transfer terms and the new technology payments, direct input will still be some way off. The NGA will fight hard for a closed shop agreement in editorial before accepting full direct input.

The alternative Wolverhampton strategy—a deal cannot be done on the right terms with the NGA, then get agreement with the NUJ—does have the advantage of allowing direct input to start almost at once. At the Express and Star, it is expected to start next week after conceding a highly favourable settlement to the NUJ on Thursday night.

The Wolverhampton management have been able to exploit some of the most bitter inter-union conflict for years in the printing industry.

With that division unlikely to be healed for some time, the unions have played straight into the hands of any management that wants to push through a quick deal.

The key question now remains: will the NUJ be able to press home the Wolverhampton advantage and find other papers where it can do deals? The executive recommendation to the annual conference to withdraw from the policy of not doing technology deals without NGA approval is almost certain to be passed, but which management will pick it up?

The NGA is clearly determined to make Portsmouth "the bottom line." It did well to get as many members out on strike as it did in Wolverhampton (a notoriously weak chapel). Having got them out on full pay, they will be kept out for ever, if need be.

Already the union is calling on members throughout the provincial press to support financially the Wolverhampton dispute. Having pulled out of the national pay talks, however, there is not very much it can do by way of industrial action.

TUC ASKED TO EXPEL NUJ

THE LEADERSHIP of the National Graphical Association yesterday called upon the TUC to expel the National Union of Journalists as the simmering tension between the two unions — the result of changing technology in the provincial press —blew up into a bitter war of words.

The NGA is angry that the NUJ has concluded a new technology deal with the Wolverhampton Express and Star while its own members are suspended for not accepting the company's terms.

The NUJ agreement— which has yet to ratified by the executive—will allow the company to introduce direct-input, without the NGA and possibly as soon as next Monday. In return the payments to NUJ members have been increased from £8 to £15.

Including a payment of £13.50 for the use of screens five years ago, the total technology payment amounts to £28.50—setting a very high precedent. Other aspects of the deal, such as health and safety, are also said to be exceptionally good for the union.

The main reason for the NUJ breaking with its old policy of not doing such deals without NGA approval is that at the Portsmouth News the NUJ has been fighting what it sees as NGA encroachment.

It is unlikely that the TUC would expel the NUJ but the NGA letter underlines just how far relations between the two unions—once close to merger—have deteriorted.

S. Wales fuel plant strike to end

BY OUR LABOUR STAFF

WORKERS AT the National Smokeless Fuels' Phurnacite plant in Cynon Valley, South Wales, voted yesterday to end their strike over the dismissal of five men for alleged intimidation.

The decision, which was believed to be carried only narrowly and was followed by angry scenes, came after workers from the plant had "picketed out" three neighbouring collieries.

Miners at Penrikyber, Tower and the Abercynon-Lady Windsor complex had refused to cross picket lines set up earlier yesterday by men from the Phurnacite plant. The pits supply coking coal to the plant.

However, the meeting of the plant's 700 workers voted to accept a recomendation by National Union of Mineworkers' officials to return to work tomorrow and to fight the dismissal of the five men through the conventional appeals procedure.

The dismissal of the five is believed to be connected with alleged intimidation of Mr Paul Watson, the only worker to break NUM ranks in the Cynon Valley during the year-long miners' strike. Mr Watson's wife was a prominent back-to-work campaigner.

Following the return to work at the Phurnacite plant last week, Mr Watson complained of repeated harassment and abuse from other workers.

- Mr David Hunt, the coal minister, said that 38 coalfaces had been lost during the miners' strike and that 70-80 more were causing concern. He said that more jobs would be put at risk as a result, but that the National Coal Board had pledged to maintain its guarantee of no compulsory redundancies.

Scottish private tuition plan

By Our Labour Staff

THE GOVERNMENT said yesterday that Scottish local authorities should consider providing private tuition for schoolchildren whose exam preparation is disrupted by teachers' industrial action.

In what appeared to be the clearest indication so far of the Government's determination to face down the two teachers' disputes, it also suggested opening schools during the Easter and summer holiday periods.

The proposals came in a letter sent to all education authorities in Scotland by the Scottish Education Department. The move followed receipt by the department of about 30 complaints from parents that authorities were in breach of statutory requirements to provide adequate schooling.

Scottish teachers are taking action in pursuit of an independent pay review and the disruption is due to hit a new peak next week with 1,600 members of the Educational Institute of Scotland, the biggest union, on strike, affecting one-third of all pupils.

The letter to education authorities says, firstly, that they should consider "whether teachers are fully discharging their obligations under their contracts of employment and what action should be taken if they are not."

Secondly, it suggests the authorities consider measures such as rearranging school timetables to benefit pupils facing exams.

Retail chain to re-launch credit card

By David Churchill, Consumer Affairs Correspondent

SEARS HOLDINGS, the retail and engineering group which this week made an agreed bid for the Foster Brothers menswear chain, is to re-launch its in-store credit card later this year.

With the inclusion of Foster Sears will have 3,750 retail outlets in the UK. The cards will carry the Sears name— previously they carried the name of the store in which they were issued even though they were operated centrally by Sears.

Government widens scope of job-splitting scheme

THE GOVERNMENT yesterday announced a package to widen the scope of its job splitting and part-time release schemes in an effort to reduce unemployment.

Mr Alan Clarke, Junior Employment Minister, in a Commons written reply, said the changes were also designed to encourage changes in working patterns.

There have been criticisms that the scheme, announced last year, has had little effect on unemployment.

Yesterday's announcement is designed to make the schemes more attractive to employers. It will increase the Government grant to each employer operating the job splitting scheme from £750 to £840.

Other changes in the job splitting scheme — designed to encourage employers to divide existing full time appointments into two part-time jobs — will allow employers to create two part-time jobs which must be filled by people leaving other Government schemes, notably the youth training scheme.

One of the major attacks on the Government's youth training schemes has been that youngsters have been unable to find work after completing them.

Co-op workers recommended to accept 6%

By Our Labour Staff

ABOUT 90,00 employees of co-operative societies in the UK will be recommended to accept a pay offer of 6 per cent.

The offer, agreed between the Co-operative Employers' Association and the trade unions led by Usdaw, the shopworkers' union, would giva adults a minimum increase of £4.50 a week.

Mr Frank Dugdale, the employers' chief industrial relations adviser, said the offer was "fair and realistic." High stret shopworkers could expect a rise of about 6 per cent this year, and, with inflation below t hslevel, irrsetitnpd eee this level, ti represented a real increase in wages.

The offer, which will be put to ballot for payment from May 6, would give a shop assistant £79.30 a week, an adult clerical worker with one year's service £89, and a food store manager a minimum of £109.85.

Ford workers worldwide meet to decide policies

BY IAN HAMILTON FAZEY

ABOUT 90 trade union shopfloor delegates representing 140,000 employees from Ford plants worldwide gathered at a Liverpool hotel yesterday to begin a three-day meeting to decide common policies on pay, conditions and in-company international trading. It is believed to be the first conference of its kind.

High on the agenda are fears Ford may shut a plant in Europe because of over-capacity while simultaneously building a plant in Mexico where labour costs are low.

Mr Bernie Passingham, Ford UK convenors committee secretary, said: "We are working for a multinational and a multinational moves its products where it is cheapest. This may mean shutting plants down with no understanding of local effects."

He said the Mexican development should concern U.S. Ford employees and an aim of the conference would be to find a strategy to raise low pay rates there.

The conference has drawn union officials from every European country in which Ford has plant, and from Brazil, South Africa, Australia, New Zealand, Malaysia, The Philippines and Argentina. Mazda workers in Japan are represented, too.

Of the estimated £22,000 cost about £14,000 is underwritten by Merseyside County Council and much of the rest by Greater London Council—in whose area is Ford's Dagenham plant. Funds have also been raised by Ford workers for travel and accommodation costs.

Mr John Duncan, chairman of Labour-controlled Merseyside's economic development committee, said the investment was worthwhile because Ford's Halewood plant was tremendously important to the local economy.

Stockbroker recruits two

BY JOHN MOORE, CITY CORRESPONDENT

STOCKBROKER Capel-Cure Myers has recruited two men from British Home Stores, a high street stores group, to replace its team of retail analysts who have joined Wood Mackenzie, our Edinburgh-based stockbroker.

They are Mr Tim Wood, 40, and Mr David Stoddart, 26. Mr Wood, who has worked for BHS for more than five years, is involved in the store's financial and management accounting performance evaluation corporate finance, public relations and mergers and acquisitions.

Mr Stodart has been responsible for financial planning and analysis.

No salaries have been disclosed for their positions at the stockbroker but they are said to be in line with top research positions and will be performance related.

The team of three analysts, headed by Mr John Richards, who formed the retailing team, left Capel-Cure Myers at the beginning of February. Mr Wood is to join Capel-Cure in June.

Suppose the Chancellor decided to put a tax on rain

BY R. B. CANNON

IN HIS broadcast in advance of the Budget, the Chancellor of the Exchequer said that in order to carry out the Government's promises to reduce incometax, it had been decided to extend the area of taxation and so provide a new form of revenue, the Taxation of Rain.

It was difficult to see why the taxation of rain had been neglected for so long as clearly this was essential to all of us, not only to farmers and vegetable growers and horticulturists but to everyone, householder or not, the Chancellor said.

No form of life could exist without water as the drought throughout the world clearly illustrated, yet this absolutely essential commodity in the form of rain, was free, which of course, in a modern society was ridiculous and the position was now going to be corrected. The committee appointed by Parliamtnt to consider this form of taxation had completed its investigation and thoroughly recommended this new form of tax.

The Chanceller said that the Inland Revenue had already drawn up draft legislation to be laid before Parliament. Some of the legislation was complex as was to be expected, as any form of taxation hadto be fairly applied, but on the other hand, it was necessary to guard against the possibility of individuals obtaining the benefits without meeting their obligations.

It was proposed to divide the United Kingdom into a Rainfall Grid and so provide a number of catchment areas in which the rainfall would be measured and charged for that area.

The taxpayers within a particular area would be charged on the rate of the catchment measured by the control unit's instruments sot hat a person within the catchment area with a higher or lower rainfall would nevertheless be charged on the overall rate for that area.

The committee was concerned that a person might contend that it did not rain on his side of the street or it rained much harder a couple of streets away, as can happen, but that position will have no consequence; if he is within the area then his rate of tax will be governed by the rate for his area.

Clearly it would be unfair to charge a high rate of catchment on a parsely populated area, which because of its high rainfall was a catchment area which provided the water for large towns outside of that area — for example, the area of North Wales whose catchment is used by the northern towns. Therefore, for those areas the legislation will use "deeming" rules similar to the rules so effectively used for Income Tax.

It will therefore apply for those special areas only, that a percentage of the rainfall will be deemed to have fallen in the actual area of catchment and the balance will be deemed to be part of the catchment of the area which take the water under existing arrangements. The relevant percentages will be announced after the appointed day for the operation of this form of taxation.

Relief will be available for people who suffer flooding as obviously the benefit is lost, but this relief has to be operated with care because it is possible to arrange for land to be flooded. So there will be special anti-avoidance rules to stop artificial benefits being gained.

Flooding will be regarded as the unnatural accumulation of rain water on an area so that its natural use is seriously impeded, the drainage of which canot be achieved through the normal channels operating at the time without obstruction (and the flooding has not been artificially caused). But to avoid long arguments and delays as often occur in income tax, it is to be provided that after consideration of all the facts the decision of the Inspector of Taxes will be final.

The committee was concerned by the possibility of "rain making" in case of dire need and whether artificially induced rainfall should be taxed, but finally it was agreed that as there was an obvious benefit, taxation ought to follow.

Prayers for rain is a corcumstance that the committee considered at some length. Those members of the committee who accepted that rain following organised prayers must arise from divine intervention thought it would be wrong to apply tax in these circumstances, but those members who did not accept the power of prayer thought that rain following prayer was just coincidence and that coincidence ought to be taxed.

One member thought that prayer for rain might be directed maliciously against another area but the committee thought that such prayer had little chance of being answered and could safely be ignored.

Fnially the committee decided that any answer to a prayer for rain could only be a Divine Benefit and ought to be taxed similar to benefits in kind under the income tax rules.

The objections and claims for reductions by the owners of large covered areas was also considered by the committee as these persons argued that they had no benefit from rainfall.

The committee decided that large covered areas failed to absorb the rainfall which fell within their premises and it was mainly drained off into public facilities and clearly gave rise to larger costs to the nation than did an area which absorbed the rainfall, an therefore they ought to be taxed in the normal way. Further, covered areas of entertainment premises actually benefited from rainfall as it caused extra use of their facilities.

At this stage it was agreed not to provide an additional rate of tax on covered entertainment conglomerations but to keep the position under review having regard to the working of the tax.

Immediately following the Chancellor's pronouncement the opposition Shadow Chancellor spoke. He said that the opposition fully endorsed the taxation of rain. Landowners had been getting free rain for too long and the ordinary people had suffered and it had to be put right, but it was a pity the Government had waited so long to do so.

He thought it was typical of the Government not to include rules to prevent people avoiding the tax by moving to parts of the country with lower rainfall as would happen to the Government's rich friends, whereas the opposition's supporters, being working people, would have to stay where they were and not only have the rain, but the tax as well.

The author has just retired after 30 years as senior taxation manager of a firm of chartered accountants.

SAVINGS OFFERS

Fingers crossed till next Tuesday

LONDON

ONLOOKER

Everybody is waiting for the good ship Budget to dock next Tuesday. Investors on the quay-side apepar to be displaying neither enthusiasm nor apprehension and have largely decided to await the anoual event without any last minute shuffling of portfolios.

The market bas displayed a certain amount of strength this week mainly io response to the stream of good results coming through. And there has only been one big rights isuse to worry about—from United Biscuits.

On the broad economic scene hopea for an early cut in interest rates came, and went. At the beginning of the week the dollar looked a little weak but the UK money supply figures soon dispelled tboughts of a drop in base rates back home. The Government's move to abolish the Britisb National Oil Corporation was takeo calmly by the currency and oil markets.

On the corporate front, agreed bids bave been mucb in vogue. Tbe Al-Fayeds set the trend early laat week with their offer for House of Fraser and BTR followed suit late last Friday when it popped up with agreed terms for Dunlop. This week Harrisons and Crosfield again increaaed its terms to secure the agreement of Pauls' board while "white knight" Sears bas come in with a £115m offer for Foster Brothers—a bid whicb seems so geoerous that perhaps Sears sharebolders might wonder at the wisdom of their board.

One event that the City had half expected was a rights issue from United Biscuits. Along with its full year figures on Wednesday, the group duly lauched a one-for-five cash call to raise £98m.

The "cookie war" in the U.S. has taken a bite out of U.S. profits. Trading profits fell there nearly £5m to £32.3m on a sales rise of almost £200m to £695m. This is the cost of a fight with Procter & Gamble to win American hearts and stomachs: for a new confectionery product witb a soft centre and a hard crust.

Last year United sunk £50m into this venture and another £30m is required in 1985. With borrowings up to over 80 per cent of sbareholders' funds, that level of commitment requires investors to pick up tbe bill. Still, on recent evidence they could find worst places to put their money.

Engineered contrast

A poignant contrast was provided in tbe engineering sector by the results of Guest Keen aod Nettlefolds and TI Group. While GKN has left most of its problems behind, TI Is still fire-fighting in four troublesome areas which lost it £16m in 1984—more than double the losses of the previous year.

GKN's results were greeted with a modest round of applause. Pre-tax, the group is ahead by 36 per cent to £120.2m and there seems little to stop tbe profit figure reaching £150m this year. What is more the management is making confident noises about improving the returns on capital employed in the UK over the next couple of years. That could point to profits of around £100m from the domestic companies against last year's trading profit of £32m.

Only now is it really becoming apparent what a good job the GKN management has made in restructuring the group and laying the groond for future growth.

Around 70 per cent of group profits comes from the automotive market. That is not exactly a growth area — but if car production is a mature business in terms of volume output, it is also a rapidly changing one and GKN has been quick on its feet. Tbe free world market for cars is around 30m units a year, and it is hard to see that altering very much. But stricter environmental controls in Europe following the trends already visible in Japan and the US will create opportunities for the likes of GKN.

The other important factor is that customers' requirements are changing. Four-wheel-drive vehicles, for example, were until recently for only the likes of soldiers and farmers. But the consumer is waking up to the fact that power on all four wheels makes for a safer car. Within the next 10 years a third of all road-going cars could he designed that way. GKN has invested heavily in both R & D and assets, and should be in a position to do very well.

While GKN's management appears to have been able to sort out its problems and keep an eye on the horizon, TI seems to he doing a pretty good job of shooting itself in the bicycle tyre. Group profits amounted to just £19m in 1984 against a very depressed £16.3m. The four problem areas are Raleigh Cycles, Cold Drawn Tubes, machine tools and US gas cylinders. By far the worst culprit was Raleigh, which contrived to lose something more than £8m following the introduction of sophisticated computer techniques which went wrong.

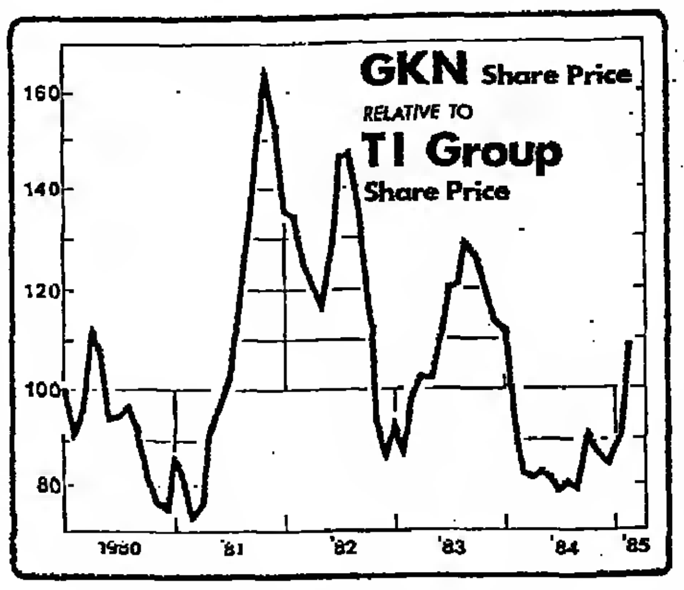
TI is now talking of Raleigh making a profit in 1986. Mothballing the U.S. gas cylinder plant wil ease the losses there, and new management is being brought in to tackle machine tools. Cold Drawn Tubes, which is 25 per cent owned hy British Ssteel, could be more of a problem.

It seems clear enough that profits will be higher in 1985, though with its current rate of performance TI might not make it to the end of the year as an independent company. It looks ripe for a takeover by a management that believes it can do a better job than the incumbents.

All-mod. cons.

Selling houses on commission can be an extremely palatable way of making a living. It requires a limited amount of capital to get going, the main asset being the experience of the man sitting behind the desk, and with a modicum of competence a reasooable level of profit can be achieved. Little wonder, then, that most high streets sport a number of small agencies, mostly family controlled or small partnerships.

There are well over 11,000 different agencies up and down the country but only the top few apply a modest amount of sophistication to marketing and management techniques that lifts their businesses away from the sleepy smallec fry. And those firms are bringing them-



selves to the stock market.

This week Mann and Co's shares started trading following an offer for sale by tender, bringing the sector up to four if Hanover Investments—which is rapidly moving towards a pure agency business—is included. The greybeard of the small sector is Bairstow Eves, makes up the quartet. But the ranks are unlikely to remain Connells, listed a year ago, that slim for long. Blackpool-based Oyston, in the top half-dozen agencies in terms of the number of offices, is rumoured to be getting a USM quote soon.

Bairstow Eves showed what can be done this week when it reported a 90 per cent profits increase to £3.06m for 1984. The market is already talking in terms of £4m for this year though earnings per share growth will be nowhere near as dramatic following on from December's £7m rights issue.

With Bairstow holding a stake in Connells of something less than 5 per cent, there bas been inevitable speculation that it might mount a bid for the rival agency. But why pay a p/e in the high teens to acquire Connells when smaller unquoted agencies can be picked up on a far less demanding ratings?

From the investment standpoint it is not hard to see why the companies command earnings multiples of between 12 and 14. Earnings are geared towards house prices which historically have consistently managed to outpace inflation. Volume, too, is moving the agents' way as home ownership increases and the population becomes increasingly mobile.

A rise in mortgage rates can always blunt the level of activity but that is only a short-term factor. If investors are thinking about bear points a more worrying aspect must be the possibility of increased competition—what if the building societies moved in? — and pressure on the commission structure.

But for the present the quoted agents seem to have it all their own way. They have the cash flow and listed paper to expand organically and buy out rival chains, plus sufficient high street muscle to drive into other financial services.

Shell's dividend

If the abolition of BNOC proved a non-event for the market the oil analysis at least had the full year figures from Royal Dutch/Shell to keep them busy. Shell's net income came out at £560m in the final quarter, raising the full year total to £2.37bn, an increase of 16.6 per cent. That was a little disappointing — in terms of dollar profits the rise is just 3 per cent against the 15 per cent figure reported from BP last week.

Though the profits met with a cool reception, the divideod increase of 33 per cent was a very pleasant surprise. Shell has historically held a low payout ratio for the sector but this week's rise was not simply making up for the low returns of the past.

The City had assumed that when the supplementary dividend arrangement, dating back to the era of dividend restraint, was unwound in 1985 Shell would not raise its payout while Royal Dutch would be able to go for a sizeable increase. The signals from Shell now suggest that it has the flexibility to increase the payout after all.

Oil shares generally have had a reasonable run up to the current results season and there is little reason to suppose they can go much higher for the momeot. At least one leading aoalyst is saying "get underweight in oils—sell Shell aod hold BP for the yield."

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1984 High	1984 Low	
F.T. Ord. Index	1002.5	+14.4	1024.5	755.3	Further good trading statements
BTR	743	+85	743	407	Agreed Dunlop merger
Blundell-Permoglaze	124	−12	202	121	Profits warning
Brown (Matthew)	323	+55	328	208	Persistent speculative demand
Comcap	263	+41	265	120	Bumper annual results
Davy Corp.	117	+18	121	50	Traf. House discloses 5.5% stake
Dunlop	70	+19	70	24	Agreed merger with BTR
Epicure	19	−4	40	15	Worries about financial situation
Goode Durrant & Murray	102	+22	102	42	Controlling stake exchanged
Group Lotus Car	98	−20	120	54	Chrysler link rumours denied
GKN	239	+18	239	153	Preliminary figures
Ingall Inds.	88	+15	93	60	Greater Mid. Co-op bid
Low & Bonar	415	+88	415	138	Good preliminary figures
Routledge & Kegan Paul	388	+108	388	175	Bid from Associated Book
Smith W. H.) A	218	+24	228	118	Takeover speculation
TI	248	+20	290	164	Better-than-expected results
Ultramar	220	+17	361	192	Satisfactory annual results
Utd. Biscuits	184	−16	221	134	£98m rights issue
Ward Hldgs.	183	+25	183	43	Investment recommendation
Woolworth	690	+85	750	340	Bid speculation

The 1300 fence

NEW YORK

WILLIAM HALL

YOU CAN lead a horse to water, but you can't make him drink, so they say, which about sums up Wall Street's recent skittish behaviour. The Dow Jones industrial average has set new peaks on there occassions this year but each time it has baulked at leaping over the 1300 level.

The first couple of times the market lost around 20 points before trying a fresh run at the 1300 fence. But by Thursday of this week the Dow had falen by close to 40 points from its March 1 peak of 1299.36. Indeed some Wall Punters are beginning to wonder whether they should keep their bets on the fence being cleared in the near term.

The heady euphoria which gripped Wall Street in the early weeks of 1985 has given way to a much less optimistic mood. lately, Prudential-Bache, one of Wall Street's biggest brokerage houses which has been unashamedly bullish since last August has told its brokers that it has "turned cautious." Its changed stance reflects a growing concern that 1985 corporate earnings will be flat mainly because of the strength of the U.S. dollar.

Leon Coopermsn, co-chairman of Goldman Sachs' investment policy committee, is also in a cautious mood describing the market's outlook as dull and uninspiring, he believs that the upside potential of the Dow is in the mid-1300s, while its risk on the downside is in the lower 1200s.

The choppiness in the stock market is clearly unnerving some of the rampant bulls so visible in the January rally. Nevertheless, the majority of Wall Street firms remain confident that the market is headed up rather than down after the current shakeout, and many believe that the market is beginning to look oversold.

Shesrson Lehoan says in its latest market letter that the underpinnings that should support a continued upward surge in equity prices remain very much in place.

"Inflation is low, economic growth for the first quarter should be in the 4 per cent area, and consumers seem both healthy and confident" Shearson says, adding that the question is 'not whether to buy stocks, but when."

Wall Street's nervousoess about the outlook for corporate profits follows on the heels of its worries about the impact of higher interest rates and a stronger dollar on U.S. share prices. In spite of a sharp rally in U.S. bond prices late last week, caused by a sharp drop in short term rates, the credit markets remain unsettled and by Thursday evening short term interest rates were back to where they were before the rally, with long term government bond yields close to 12 per cent.

The latest U.S. money supply figures are now above target. M1 grew at an average annual rate of 13.9 per cent in February, roughly twice the rate allowed for by the official targets and M2 and M3, the wider measures of the U.S. mooey supply, are growing much faster than the authoritiea would like.

There is growing speculation that the Federal Reserve might be forced to tighten its grip to rein in the excessive growth in the money supply, but the picture remains confused. The run on a number of small savings banks in Ohio, following losses incurred from the collaps of ESM Government Securities earlier this mooth, has underlined the fragility of public confidence in the U.S. savings bank industry.

Edwin Gray, chairman of the Federal Home Loan Bank Board which supervises the savings banka, admitted this week that there was virtually no tangible net worth in the industry as a whole, and the news that Finaocial Corporation of America, the parent of the country's biggest savings bank, has lost between $500m and $700m in 1984 underlines the scale of tbe problems the authorities may face if there waa to be a big run on the industry's deposits.

A further rise in U.S. interest rates in response to aoy Fed tightening could mean that several weaker savings banks might have to be rescued and already people are talking about another Government bail-out along the lines of last year's $4.5bn rescue of Continental Illinois, the eighth biggest bank in the country, which suffered a run on its deposits.

MONDAY	1,268.55	−1.11
TUESDAY	1,271.75	+3.2
WEDNESDAY	1,261.7	−10.05
THURSDAY	1,260.65	−1.65

MINING

Too many gems

JUST BECAUSE De Beers has this week announced a "28" per cent rise in 1984 earnings to R677.7m (£308m), or 188.4 cents per share, it does not mean that the South African diamond giant bas had a good year after all. The giveaway comes with the news of an unchanged dividend of 40 cents (18p).

I'm afraid that our old friend (?) the rand-dollar exchange rate has been at it again with his distorting mirrors. Diamond sales are made in U.S. dollars and last year the value of tbe South African rand fell by some 42 per cent against the dollar. It is this whicb largely accounts for the 34 per cent rise in De Beers' diamond trading profits in terms of rands converted from dollars.

On the non-diamond side of the business, investment income has also risen but, here again, exchange rates come into the picture because much of the income reflects high rand gold prices. Still, exchange rates have played a lesser part in a good profits contribution by De Beers' associated non-diamond companies.

Demand for diamonds is still concentrated on the cheaper end of the market, rising only slowly into the medium-grade qualities; it fades rapidly when your move up into the higher quality and larger-sized expensive gems. Nor are matters helped by the strength of the dollar which has inflated prices in European currencies.

Sales of rough (uncut) diamonds handled by De Beers' Central Selling Organisation on behalf of the group and other producers made a good start in 1984 but fell away in the second half of the year. This left the total at $1.61bn, little better than that of 1983.

The big stock of unsold diamonds carried by De Beers thus did not fall, as had been hoped earlier, but increased relatively modestly by $95m to about $1.95bn. However, in terms of low-value rands it waa swollen by an awesome R1.62bn to R3.87bn.

While it can be argued tbat the increase in terms of rands is largely an accounting adjustment, the need for De Beers to finance this huge stockpile is real enough. Mucb of the borrowings made for this purpose were in dollars and the interest charges in rands more than doubled to R155.3m last year.

De Beers can bandle this, but it is not getting any easier. Meanwhile, the strengtb of the economy in the U.S., the biggest market for diamonds, bas not made as much impact as was hoped on diamond sales and there are lurking fears that the U.S. recovery may start to level-out or falter.

All is not gloom. De Beers' earnings seem likely to sbow a further rise this year and when—and if—the diamond market really strengthens the group would have a bonanza. Tben, too, there is the group's massive non-diamond investment portfolio to be taken into account.

Nobody, bowever, is expecting any dramatic change in De Beers' fortunes this year and the shares are only yielding 5 per cent. Of four comments on them that I have seen from stockbrokers this week, one advised "hold" and another said "buy on weakness." I find myself more in agreement with the other two. "Sell," said one—and "avoid" said the other.

Mr Robert Holmes à Court, the Perth entrepreneur, is putting the cat among the pigeons again. Having acquired 9.9 per cent of Asarco, the big producer of non-ferrous metals, his Australian Belt Resources company is seeking clearance from the U.S. Fair Trades Commission to raise the stake to 50 per cent. An unamused Asarco is seeking to stop him via legal action.

Mr Holmes à Court, who could probably teach skilled poker players a thing or two, is leaving the market guessing as to his true intentions. Is he in it for a quick profit, or something more? He needs to he taken seriously following his rather cheeky bid a year ago for the giant Broken Hill Proprietary.

It is thoughr that what attracts him to the loss-making U.S. company is its holding of 44 per cent in Australia's MIM Holdings copper and coal mining major. This is also losing money but, like Asarco, its assets are under-valued in share price terms.

In fact, Mr Robert Holmes à Court helleves that most Australian natural resource projects have become undervalued in the past year or two and he bas been picking up key investments in oil and coal. Whatever the outcome of the Asarco foray, a little excitement in the mining share-markets does no harm.

- The Beatrix gold mine in the far south of South Africa's Orange Free State, which is being mined by Buffelsfontein on behalf of Beatrix Mones, is expected to have working costs at full production of about 10 per cent below the industry average. They could equal around R9,000 per kilogramme of of gold, or half the current price.
- Little hope of any dividends this year is held out for South Africa's veteran Dunhan Deep and East Rand Proprietary Mines (ERPM) by their chairman, Mr C. G. Knobbs, despite his anticipation of maintained rand gold prices.

If, however, ERPM is successful in finding finance for its proposed Eastern Vertical shaft system this would be an opportunity for ERPM "not only to avert closure but to become a prosperous mine in its own right."

- South Africa's mining industry generally will be anxiously awaiting the outcome of the republic's budget which is due on Monday.

Kenneth Marston

Antiques unlimited

Unlisted Securities Market

ANTIQUES dealer John Bedford, who is bringing his company, William Bedford, to the USM, is anything but old-fashioned.

Sitting in a showroom of 18th-century English furniture, he explains how a thoroughly modern approach to business has made him one of the largest antique dealers in the country.

He goes for high sales, he says, selling between 50 and 100 piecea a week — chairs, tables, bookcases and dressers that go to customers all around the world.

It is a sharp contrast to many of his neighbours around Camden Passage, in Islington, North London, one of the UK antique centres of the trade.

"Don't misunderstand me," he says, "we like antiques and are devoted to them. But perhaps we have a more business-like approach to it than others who like a gentler way of life."

Bedford, 43, who started trading on a market stall in Kensington High Street, West London, now is chairman of a company that last year made pre-tax profits of £654,000 on sales of £2.59m.

Most of Bedford's London competitors are smaller dealers, often unable to fulfil the large orders the company handles. Country dealers with showrooms as big as Bedford's often find it difficult to attract the same number of overseas buyers.

Bedford compares his success with that of Habitat, Mothercare or MFI in modern furniture retailing. "Customers like to go to one shop with a car park, and we get low costs per unit sales."

Most antique dealers do not think in these terms, says Bedford. Just as few took advantage of tax relief on stock when it was available. "They do not run their businesses like that," he says.

But Bedford is wary in talking about profitability. "Don't say we have high margins. Or customers will think we're ripping them off."

To put it mildly, the returns compare very favourably with other retailers—gross margins on sales (the percentage difference between sales and cost of sales) were 34 per cent; even more remarkably, the net margins (after accounting for all overheads) were 25 per cent.

Bedford emphasises the care with which his business has been put together. He owns a large library of books on English furniture. He has a network of agents across the country supplying him with antiques that are restored in company workshops. Very few other dealers employ their own craftsmen, he says.

The customers are both dealers and private buyers, typically senior company executives able to afford items costing £500 to £10,000 each. Three-quarters of the sales go abroad—chiefly to Americans, who buy in person or from Bedford's illustrated catalogues.

A high proportion of sales—77 per cent—are repeat sales to established customers. This, says Bedford, gives the company some protection from swings in demand.

Part of the reason for coming to the stock market is the company's wish to build up its range of higher-priced furniture and to buy more "collectors' pieces" costing more than £10,000.

The flotation will raise about £550,000 for the company. There was strong demand for the 1.5m shares offered by broker Scrimgeour Kemp-Gee at a minimum price of 100p. The lists closed yesterday and there is every indication that the striking price will be 150p or more, which would give William Bedford a market capitalisation of more than £7m.

So what motivates John Bedford, who will be left owning 51.6 per cent of the company? He has strong business traditions in the family—his grandfather on his mother's side was Milton Ely, whose family ran Ely's department store in Wimbledon, and who himself was an entrepreneur who developed one of the earliest fluorescent street lamps; his father's family were one of the largest flour millers in East Anglia.

Stefan Wagstyl

Clive Wolman on hedging and the dollar

Don't hang up, just listen

WE ALL expect salesmen to be imaginative in twisting developments to their advantage, but you would probably put down the telephone on an investment broker who produced the following argument as part of his sales patter:

—The U.S. dollar is now strongly over-valued.

—This is creating an unprecedently large trade deficit and long-term burden of debt for the U.S. economy.

—The collapse of the dollar must therefore be imminent.

—Now is the moment to invest your money in the U.S. via a new unit trust which is being launched this weekend. QED.

Surely the man must have got his sales script muddled up? Who would ever want to invest in a currency on the brink of collapse?

In fact your broker may have been talking more sense than you realise.

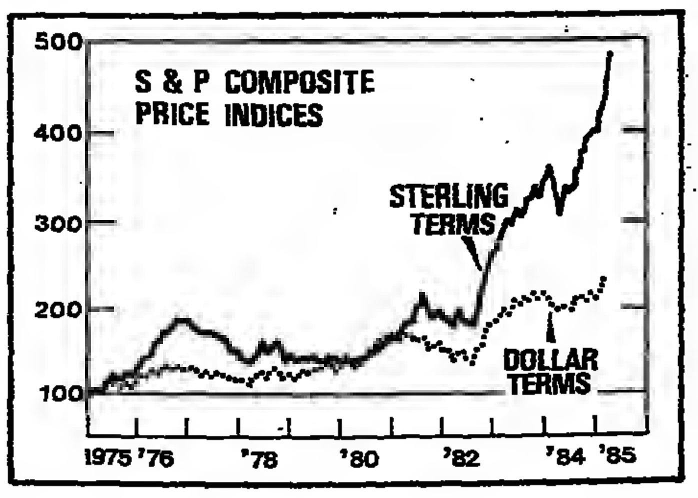
The prices of company shares on Wall Street, in relation to underlying profits, are low, on some measures lower even than they were in the immediate aftermath of the 1929 crash. The forecast price/earnings ratio for 1985 is about 9 times. Profits are expected to rise by at least 5 per cent this year. But if the dollar falls sharply, the boost to export and import-substituting industries will lead to a much larger increase.

With the Japanese and UK markets having recently come off the boil, the U.S. stock market may appear the best prospect for 1985, if it were not for the riskiness of investing in dollars.

The Gartmore Hedged American Trust, launched today, seeks to remove this drawback by eliminating the risk of fluctuating currencies. Through the use of "back-to-back" loans—depositing money in sterling and borrowing an equivalent amount in dollars—the fund managers intend to hedge completely against any changes in the sterling-dollar exchange rate. This means that if the dollar rises even further, you will not profit, but if it falls, you will not suffer any loss of capital.

But there will be no attempt to hedge the dividend income received by the trust so that if the dollar falls, income will also fall, although in the near future extra income should be generated because dollar interest rates on borrowings are below sterling interest rates for deposits. In any case the trust is aiming to achieve primarily capital growth rather than high income, through investing in the 500 or so largest U.S. stocks.

As the graph demonstrates, British investors in the U.S. over the last 10 years have achieved most of their profits from a rising dollar rather than from a rising stock market (as measured by the Standard & Poors composite index). To invest in the Gartmore fund, you should believe that in the future precisely the opposite will happen.



Eighteen months ago, Fidelity launched its Sterling American offshore fund based in Jersey, the first managed fund to be fully and permanently hedged against a fall in the dollar. Not surprisingly, in view of the upsurge in the dollar over the last year, the fund has been the worst performer of all the offshore and onshore funds investing in North America. But Fidelity's mistake, if it was one, may yet prove to be only an error of timing and not of principle.

Over the last year, most U.S. unit trust managers, including Save & Prosper, Barclays Unicorn, Henderson and Britannia, have engaged in partial hedging of their dollar exposures for varying periods. Nearly all have suffered an erosion of investment returns.

The one major unit trust management group which has steadfastly refused to hedge its dollar exposure at all has been M & G. As a result, its American & General fund achieved the highest returns of all American-invested unit trusts over the last year.

But it is a sign of the times that last week, for the first time, M&G hedged 30 per cent of the dollar exposure of its three American unit trusts after the pound had fallen as far as $1.065.

Gartmore, one of the UK's largest investment management groups with £2.2bn of funds, already has one long-established American-invested unit trust which, over the last year, has achieved a performance slightly below the average. In the longer-term, over seven years, its performance is ahead of the average by seven per cent, according figures produced by Money Management.

Into battle for a short lease

Dina Thomson looks at the snags along the way to a freehold

IF YOU are contemplating buying a house with a short lease, you would be well advised to arm yourself with a sympathetic building society, a competent solicitor and a reliable tax adviser before you go into battle.

The law is quite clear on your right either to extend a short lease or buy the freehold under certain conditions — a fairly straightforward and potentially profitable process, as we explained in this column last week. But there can be snags along the way, and you could diminish your gains unless you plan carefully.

In the first instance, obtaining the finance to buy a leasehold house with a short lease can be difficult. The major building societies and clearing banks vary considerably in how long a lease they required.

At the most flexible end, Midland and Williams and Glyn's require just 25 years to remain on the lease at the end of a mortgage term. Assuming a 25 year mortgage this would allow you to buy a house with a lease of 50 years outstanding.

Abbey National is most stringent, requiring at least 45 years remaining on the lease after you have paid off your mortgage. For a 25 year mortgage this would restrict your purchase to a house with an unexpired lease of at least 70 years.

Along with other major building societies and two of the clearers however, Abbey National concedes that it might be willing to lend in the case of a property with a shorter lease depending on the location of the house in question.

"As there is a more buoyant market for short leases in central London, we would consider shorter term lending depending on where the property is" Abbey says. A short lease in Kensington or Chelsea for example, is likely to be considerably more valuable than one outside London.

If you plan to buy a house with a short leas and intend to buy the freehold once you have completed the three-year residence requirement, you would be wise to tell your building society or bank when you are first negotiating a mortgage, as it could influence them to look at your needs more favourably.

You may well find that the case of buying the freehold is regarded by your bank or building society as a completely separate one from the initial mortgage, as there is nothing to bind you to a commitment to buy the freehold in coming years.

Once you have bought your house you can then begin to consider how best to approach the question of extending your lease or buying the freehold. You can claim an extension any time before your original lease runs out, as long as the lease was originally granted for more than 21 years.

Nevertheless, you should first consult your solicitor or the Citizens Advice Bureau. If you want to buy your freehold, it is sensible to make sure that you have access to specialist legal and tax advice before you begin.

Buying your freehold is not as complicated as it may seem. As in the case of claiming a lease extension, you first serve a notice to your landlord informing him of your intent.

You must do this on a special form which a solicitor or law centre can get for you. It is a good idea to keep a copy of the form particularly to note the date, as the landlord must respond within two months after receiving the notice.

The notice functions like a contract but you can pull out of the purchase if you do so within one month after the price has been agreed.

If you pull out however, you will have to pay any costs the landlord has incurred to date, except those arising from a reference to a Leasehold Valuation Tribunal.

The liability to pay the landlord's solicitor's costs and valuer's costs if you do go through with the purchase should be borne in mind. While you may be able to get your solicitor to quote you a price for your half of the transaction, you have no control over costs incurred by the landlord.

In practice, there is a limit to how long the landlord can stall on your purchase of the freehold, and he is unlikely to do so for too long, as he stands to gain nothing by it. But do not rule out the possibility that you could run up large costs while he prevaricates, and in order to establish "unreasonable" costs you would probably have to go to court.

While the procedure for buying your freehold or extending your lease should be within the competence of any residential conveyancing solicitor, it is worth employing a solicitor who has a particular expertise and experience in the area. For the names of such solicitors you could try the Law Society, the Citizens Advice Bureau, or local law centres.

If you are fortunate enough to find yourself in agreement with your landlord, you could buy your freehold in as little as a week or two weeks, depending on the extent of the goodwill present.

John Edwards on the case for coming onshore

Towards brighter futures

"The Government see no reason to maintain restrictions on the promotion to the public of unit trusts investing in assets such as money market instruments, commodities . . . ." This paragraph from the recent White Paper outlining proposals for improved investor protection in the City has raised hopes amongst promoters of futures funds that they will at last be able to come in from the cold.

Under existing legislation futures and commodity funds cannot be promoted to the general public in Britain and instead have to operate as unauthorised offshore funds. The Government seems to share the industry's view that this is an anomoly resulting from outdated legislation, but it is still taking a cautious view. Under the White Paper proposals futures funds will be included under the category of "restricted unit trusts" that can only be promoted selectively under the "know your customer" principle.

In other words the fund's promoter has to take reasonable care to establish that a client to undertake the higher risks involved in a restricted scheme. In the end, however, investors will have to make up their own minds whether or not to put their money into what is acknowledged to be a high?risk area.

"Funds are the best vehicle in the futures markets to give investors a chance of making money and keeping it," says Mr David Elkin, of Rouse Woodstock, whose Systemtrend fund was launched last year. Certainly a fund should be safer than trading directly in the futures markets, since there is limited liability and the investor is not faced with suddenly having to pay huge futures margin calls when prices move sharply down. All that is left to th fund manager, who can gain the benefit of cheaper commissions and use the larger sums at his disposal to spread the risk.

Limited liability is the prime reason why funds have proved so popular, cashing in on the general surge of investment interest in the futures markets as protection against inflation and erosion in the value of money.

It is estimated that in the U.S. over $500m is invested in publicly quoted futures funds and a good deal more in privately managed vehicles. Because of restrictions in Britain, the UK-sponsored offshore funds are much smaller, relying mainly on business from non-residents or institutional clients.

But the amount invested has declined during the past few years, as the performance of the funds has been chequered to say the least. Many have suffered heavy losses and some have even been forced to close down. After depressed conditions in the markets, 1983 was a particularly disastrous year. There was some recovery in 1984, especially towards the end of the year as more definite market trends emerged.

Managed Accounts, a U.S. publication that monitors the funds' performance, calculated that last year 55 U.S. funds produced net gains, 26 lost, four were unchanged and two closed down. Perhaps of more interest was a review of houw the funds performed over a two-year period (1983-84). Of 59 funds monitored the U.S., fewer than half made money and the average loss was 8.2 per cent. The best performer over this two year period was the Mint fund, sponsored by London brokers, E. D. and F. Man. It recorded a 55.9 per cent gain.

The performance of UK-based offshore futures funds is more difficult to monitor, since they are lumped together with all kinds of commodity funds investing in physical materials or in commodity company shares.

In the Money Management list of funds, for example, the Tyndall Guardian Commodity fund has been the top performer over the past five years, with a £1,000 investment growing to £3,610. But during the past year Mint is the top performing fund with a return of £1,644 for a £1,000 investment, followed by FuturGAM (£1,505), Tyndall Guardian Commodity (£1,291), Resource Fund International (£1,247) and Winchester Diversified (£1,234). The average performance of all the funds listed was pretty poor with a return of only £1,029.

Peter Swete, whose Sabre Futures Fund returned £1,189, explains that U.S. funds tend to be more highly geared and, therefore, more volatile. They make more money in good times and suffer greater losses in bad times. He claims Sabre has done well by adopting a very cautious approach of limiting potential losses to ensure they don't exceed profits made.

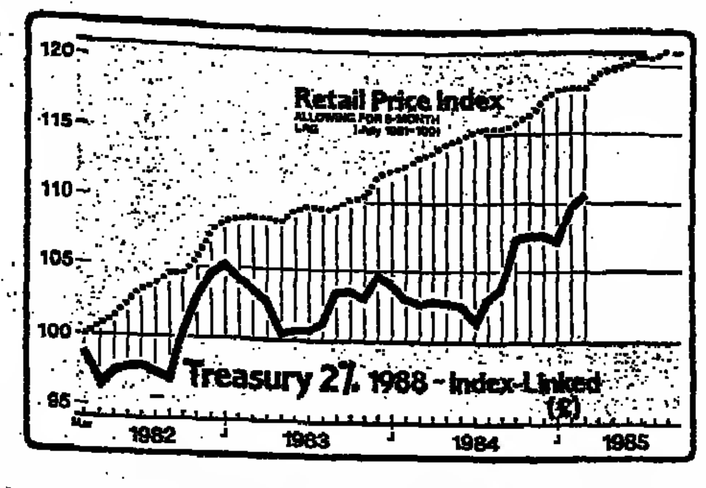
Other leading UK funds take a similar view. They say that smaller, consistent returns are preferable to huge gains followed by equally big losses. This conservative approach attempts to overcome the reputation of the futures markets as a risky area for investors. One reason why the Government is considering allowing futures funds to come onshore is because moves to improve investor protection, including the formation of the self-regulatory organisation (the Association of Futures Brokers and Dealers) should avoid some of the scandals seen in the past. It should help ensure the funds are run by respectable companies with a recognised code of conduct to prevent them from making misleading claims or charging excessive fees.

Although enthusiasm for futures funds has waned in the U.S. because of their patchy performance, it is believed there is a good deal of untapped potential in Britain from investors who so far have had no real chance to make their own judgement. A further fillip could well be given in next week's Budget, if the futures industry's hopes for fairer tax treatment in line with other forms of investment are fulfilled.

UK investors in futures funds face paying the highest rate of tax (60 per cent) on their profits since they were included in the legislation designed to deal with the taxation loophole exploited by the "roll up" offshore investment funds. A switch to capital gains tax and argument to bring them offshore could make futures funds into a competitive, if somewhat high-risk, alternative form of investment.

Savers miss the bus

Clive Wolman on the revival in index-linked gilts



FOR NEARLY 2½ years, savers turned up their noses at one of the best bargains on offer ainca the Government issued Consols on a yield of nearly six per cent et the end of the Nepoleonic wars.

Now, after a period of disruption in the market for Government "gilt-edged" securities, many savers appear to have lost their chance.

Index-linked gilts bave been the only type of stock market security that these columns have been willing to tip—and have done so on more than 10 occasions up to September 1984. But although the ultimate redemption value of index-linked gilts is tied to the Retail Price Index, their stock market value languished. The graph demonstrates how the RPI moved further and further ahead of the price of the index-linked gilts redeemable in 1988.

In the autumn, however, index-linked gilt prices began rising steadily as the Government appeared to be according less priority to tackling inflation. The slide in the value of sterling over the past six months, not only against the dollar but also against European currencies heightened inflationary fears.

The most recent boost to index-linked gilt prices came two weeks ago when the Inland Revenue cracked down on the avoidance of tax on the income from, particularly, high coupon Government gilt-edged securities. This boosted the relative attractions of low coupon stocks—and the prices of index-linked stocks, which hear an ultra-low conpon, roae hy as much as 2 per cent.

This has meant that the holders of the short-dated index-linked stocks, with redemption dates in 1988 or 1990, have enjoyed an 8 per cent rise in their capital values over the past six months.

Bnt the rising prices of index-linked gilts bave depressed their redemption yields at the same time as the yield on conventional gilts—and the interest rates offered by building societies, banks and National Savings—have shot up. This has meant that index-linked gilts no longar offer you the most attractive savings medium unless you are an inflation pessimist or a higher-rate taxpayer.

The figures in the adjacent table, supplied by stockbrokers Phillips and Drew, show the minimum rate of inflation you have to anticipate over the next three or four years to make index-linked gilts more attractive than the conventional variety.

For basic-rate taxpayers, the comparison ia misleading. They can achieve higher after-tax returna, of around 10 per cent, by putting their money with building societies or money market trust funds/bank accounts. The only possible drawback of these savings media is that, unlike gilts, their interest rates are varied in line with market rates. But assuming no major cbange in interest rates, inflation *will* bave to edge up to about 6.5 per cent for index-linked gilts to become more attractive than the building society or money market accounts.

Top-rate taxpayers will find the 30th issue of National Savings certificates more attractive, if they are able to tie up their money for five years and expect inflation over tbat period to average more than about 5.5 per cent.

Most economic forecasters have been puahing up their inflation projectians in recent weeks as sterling's slide begins to affect consumer prices. Roger Bootle, chief economist at stockbrokers Capel Cure Myers (and author of a recent book on index-linked gilta*), expects inflation to reach 6.0 to 6.5 per cent in the secood half of the year. Thereafter, however, he expects the rate to fall back to slightly below 6.0 per cent again.

*R. Bootle: "Index-linked gilts," Woodhead - Foulkner, 1984.

	Marginal tax rate 30%	40%	50%	60%
1988 index-linked gilt				
Break-even inflation rate (%)†	5.2	5.1	5.0	4.9
After-tax real return (%)	3.69	3.48	3.28	3.09
1990 index-linked gilt				
After-tax real return (%)	3.02	2.81	2.59	2.38

† Compared with Exchequer 2½% 1987 gilt.

Advertising code agreed, says **Margaret Hughes**

Interest rates confusion to end

JUST HOW do you tell which building society or bank investment account is offering the best return? Their advertisements quote a whole plethora of different rates which bewilder investors. Few compare like witb like. With the supposed aim of making life easier for the potential investor the banks, building societies and finance housea have agreed an advertising code of conduct for deposit and investment accounts. It is also boped that other institutions will follow the code.

The code eomes into effect on April 6, the date on which banks and other financial institutions wilt be required to *deduct tax at source from* investors' income at a common composite rate (CRT), as building societies have had to do for years. This rate is only 25.25 per cent, but it takes care of the investors' basic rate tax liability, which would otherwise be 30 per cent.

Much of the confusion in the past bas arisen because banks have been allowed to pay interest gross when societies have not. Baoks have, therefore, quoted gross rate. This is the rate of Interest which they pay investors which is fully liahle for tax and on which investors pay tax later at their own tax rate.

Because huilding societiea are not allowed to pay interest gross they have quoted net rate after deduction of basic rate tax—the rate which they actually pay the investor. But to make a better comparison with the rates paid by banks, building society advertisements have also lended to quote gross rates. More often than not, though, this was not the same gross rate as il applied to bank accounts but the gross equivalent rate. By grossing up the net rate this states what the net rate is worth in gross terms to the basic rate axpayer.

Then, in last autumn's interest rate battle between buildiog societies Abbey Natiooal set off further confusion by starting to quote an effective anoual rate (EAR) which made its return seem higher. EAR is the rate which investors would receive if the interest paid either half yearly or monthly or whatever is kept invested in the account for a full year.

When aome of the society's competitora followed suit, also quoting EAR the Chief Regisirar of Friendly Societies quickly stepped in to balt the ensuing confusion for investors. He ruled that if only one rate was to be quoted by societies in advertisements then this should be the contractual or net rate. Where societies also quoted the EAR then this should not be in larger print.

The new code establishes four terms for describing interest rates. These are:

- Gross rate: This is the rate paid where the interest is fully liable to tax. It is the rate previously paid by banks and finance houses but in future wilt apply only to National Savings Accounts and large time deposits.
- Net rate: This is the contractual rate paid after meeting the liability to basic rate income tax. It is the rate which will be paid in future by banks, building aocieties and finance houses after they bave deducted CRT at source.
- Gross equivalent rate: This is the old building society "grosa rate" which is the net rate grossed up to take account of the fact that basis rate tax is not due. It represents what the net return is worth to the basic rate tax payer.
- Compounded annual rate (CAR). Somewhat confusingly this is the new terminology for the effective annual rate which societies have used before. Expressed either in gross or net terms it is the result of compounding on an annual basis interest paid other than once a year. It takes account of the fact that interest paid half yearly or monthly is kept invested in the account. In such instances CAR will inevitably be a higber rate. The code suggests that the phrase "compounded annual rate" be used in full until depositors become familiar with it, after which tha abbreviation CAR will be regarded as an acceptable alternative.

Under the new code all advertisements quoting the rate of interest must include the contractual rate neither the net or gross rate.

Where either the gross equivalent or CAR are quoted there must be a legible explanatory phrase conveying precisely what this means and neither should be quoted without the contractual rate from which they are derived.

The new code clearly defines the terms used to express rates so that iovestors should in future be able to compare like with like. However it does not stipulate bow many of these terms can be used in advertisements. It will be for each individual institution to decide so there will still be aome scopa for "dresaing up" returns. Investors will therefore still have to look very closely at advertisements to ensure that they are really comparing like with like. Without a copy of the advertising code in your hands that could still prove a pretty onerous task.

Lawrence Lever on the pitfalls of sueing

Litigation? First, find an 'expert

TESSA ANDREWS—an eight-year-old schoolgirl—was struck on the side of the head by a lorry while crossing (or preparing to cross) the road. She auffered serious and irreparable brain damage as a result. The date was March 19 1962.

For almost nine years after the accident Tessa's father steadfastly refused to accept a £1,000 offer of settlement for his daughter's case. Three firms of solicitors, a QC, and an official from the Law Society had all urged him to take it.

Eventually—on February 9 1971—the case came to court when Mr Andrews was on his fourth set of solicitors. The judge decided that the lorry driver waa at fault and awarded Tessa damages of £40,000.

This is just one of three cases highlighted by author Michael Joseph in his hook Lawyers Can Seriously Damage Your Health.* Among other things, Joseph seeks to prove in his book that most solicitors who handle personal injury cases are either incompetent or corrupt.

If you become embroiled in personal injury liligationsay through being knocked down by a car or injured in an accident at work, how do you go about recovering compensation?

In most cases you will need a solicitor. But which one?

Do not assume that the solicitor who did the conveyancing for your home so smoothly will automatically he able to apply his conveyancing skills with equal aplomb to your personal injuries case.

Except in straightforward cases (where there is no real argument as to where the blame lies—you should use a solicitor who specialises in this sort of work. The Solicitors Regional Directory — in local libraries, Citizens' Advice Bureaux, etc— will provide names of solicitors that undertake personal injuries liligation.

But this does not automatically mean they are specialists; nor does it guarantee that they will necessarily have the experience to handle your case in the way that it should be.

Expertise and experience in your legal adviser are particularly important in this context: your opponent—an insurance compaoy—will be expert at these matters and capable of making mincemeat out of an incxperienced opponent on the other side.

Insurance companies are well versed in the tactics of litigation: low cr derisory offers of settlement and delaying tactics are part and parcel of the commercial business of fighting claims.

Both you and your legal adviaers need stamina and perseverance to win what is in effect a war of attrition with the insurance company.

Joseph argues that you do not really nede a solicitor—that a person of average intelligence and with a smattering of commonsense could do the job as well.

And almost as if to prove this point, last week a geography teacher conducting his own case won a nine-year battla to obtain compensation for bis 11-year-old son.

James Kay was advised by five firms of aolicitors and four barriatera to accept a £6,000 offer of compensation for his aon. *He refused. Because* ha could not get legal aid, he conducted his own case, and ultimately secured compensation of £102,000.

If you consider yourself a more mortal and want to consult a specialist, your best guide is word of mouth; the experience of others who have iostructed solicitors to handle their personal injury claims will be the best—although atill an imprefect indicator.

"Lowyers Con Seriously Domage Your Heolth" is oroiloble price £3.95 from the outhor *of 2 Occupotion Lane, Woolwich, London SE18.*

Majoring in bureaucratic studies

Mary Lind finds difficulty in covenanting money to a student niece

IF YOU want to give money to a student, one of the ways you can make the most of your money is by using a covenant. This allows the student to reclaim the tax that you have paid on the gift.

But it is not that simple to get a tax rebate out of the Inland Revenue, as I found out when I tried to covenant money to my niece, who started et London University last October.

I followed the advice given by the National Union of Students in its leaflet on covenanting. It provides guidance on drafting the covenant and on minimising the possible impact on the student's grant and eligibility for supplementary benefit in the long vacation. It also recommends paying the covenanted money in three instalments each year.

But this was where m problems started.

My first contact with the tax authorities lulled me into a false sense of aecurity. The information section at Somerset House in London could not have been more patient or more clear in their guidance on the covenant itself, and the accompanying mandatory forms. These are:

1 Certificate *R110* to be signed by hoth parties to the covenant os a statement that there is no collusion to defraud the revenue.

2 Certificate R185AP on which the convenanter declarea the emounto f tax dedncted.

3 Certificate R40 on which the recipient makes the tax rebate claim.

So, under Inland Revenue guidance, we completed the paperwork meticulously and acurately and sent it off to the student's tax office in the West Country hy late October.

Unfortunately for impecunious students, it turned out that the mills of the Inland Revenue grind slowly. At the end of November I phoned the West Country tax office

The first ominous note was struck. The claims officer said he could not recall the case but be would try to find the file. He also took the point that the covenant money waa not gilt on gingerbread: the student'a father btad recently died, and ber mother waa in no position to support her.

A week later he took the tronble to phone back. Tha file had been fonnd, and I was given a reference number to cling tn. He said that the papers would "go to the commissioner for approval" and then to my own tax office. All this would take six weeks.

More than six weeks later, at the end of January, I was on the pbone again. By this time my miece bad started her second term and had sent in a further sest of paperwork to claim a rebate on the second instalment under the covenant. She also told me that she thought the whole exercise was even more academic btan her tutorials.

But back to my January phone call. The Commissioner had got round to approving the covenant and the papers were on tbeir travels agaln, this time to my tax office in the north. Time passed and the date for me to pay the third instalment approached.

At the end of February, I made a third pbone call to tbe claims officer. There bad bene developments, he sald. My hopes rose, bnt I should bave recognised tbe hnnted tone in bis voice. The good news: the papera had at last been returned to him from my tax office a faw days previously. The bad news: my tax inspector had omitted to sign form R185AP. So it was on its way back to him.

During my pbone conversations with the claims officer—whose courtesy had been impeccable—I learnt of such woes aa a go-slow at one stage in the typing pool, and the heavy work load for tax offices themselves, dne to Government cuts.

But a number of unkind thoughts occur to me. Surely the work load ia self-created if a straightforward procedure like covenanting ia not dealt with quickly and efficiently. Also, wby is there no delay wben it comea to the Inland Revenue recouping tax underpaid? Remember those "pay within 30 days or else" noticea?

Meanwhile, my student niece still awaits her first tax rebate, and I am left wondering whether sbe has been particularly unlucky. Or do other students face similar hold-ups as they attempt to work out a reliable budget for income and expenditure, probably for the first time in their lives?

How can David give away his house?

CLIVE WOLMAN reports on a family dream broken by the taxman

IT NEVER occurred to Lorna and Ivor Abumanser that they might be ejected from the house in which they were living following the death of Ivor's father, David.

After all, they had moved into the house in Cricklewood, north west London, and sold their own in order to look after David when his wife died from cancer six years ago. Since then Lorna had given birth to two children. They were planning to bring up the children in the large house and garden in which David had both lived and carried on his work as a scientist. Ivor, who was 45, reckoned on staying there at least until the children had left school and he had reached the age of retirement 15 years hence.

There was no mortgage on the house and no other debts that either they or David had to worry about.

It was only last autumn when David fell seriously ill at the age of 73 that they realised there was one character looming on the horizon who threatened to upset all their expectations—the man from the Revenue.

The trouble was that the value of the house, at about £120,000, was well in excess of the maximum amount, £64,000, that can be passed on at death free of capital transfer tax. When David was recovering from his illness in hospital, a solicitor friend pointed out to Lorna that if her father-in-law had died, they would have faced a CTT bill for nearly £46,000.

Such a bill could be met by taking out a mortgage on the house. But with interest rates so high, and no tax relief available on the interest, the monthly servicing costs at present would be around £560. Lorna reckoned this might put too great a burden on their household budget.

Shortly after David recovered from his illness, Lorna contacted the Financial Times for advice. She wanted to know how David could make them a gift of his house so as to avoid, or at least to minimise, their capital transfer tax payments.

Lorna appreciated that a solution might lie in the exploitation of the annual and 10-yearly exemptions from capital transfer tax granted to all donors. The current limits would allow David to give away gifts valued at up to a maximum of £3,000 a year plus further gifts worth £64,000 every 10 years.

David however had already used up his 10 yearly exemption three years ago when he put a sum close to the tax-free limit into a trust for the benefit of his other child and grandchildren. He would therefore have to wait another seven years before another 10-yearly exemption became available.

But he had not made use of his £3,000 exemption in either the current tax year or the previous year, 1983-84. The 1983-84 exemption would still be available to him if he acted before the end of the current year on April 5.

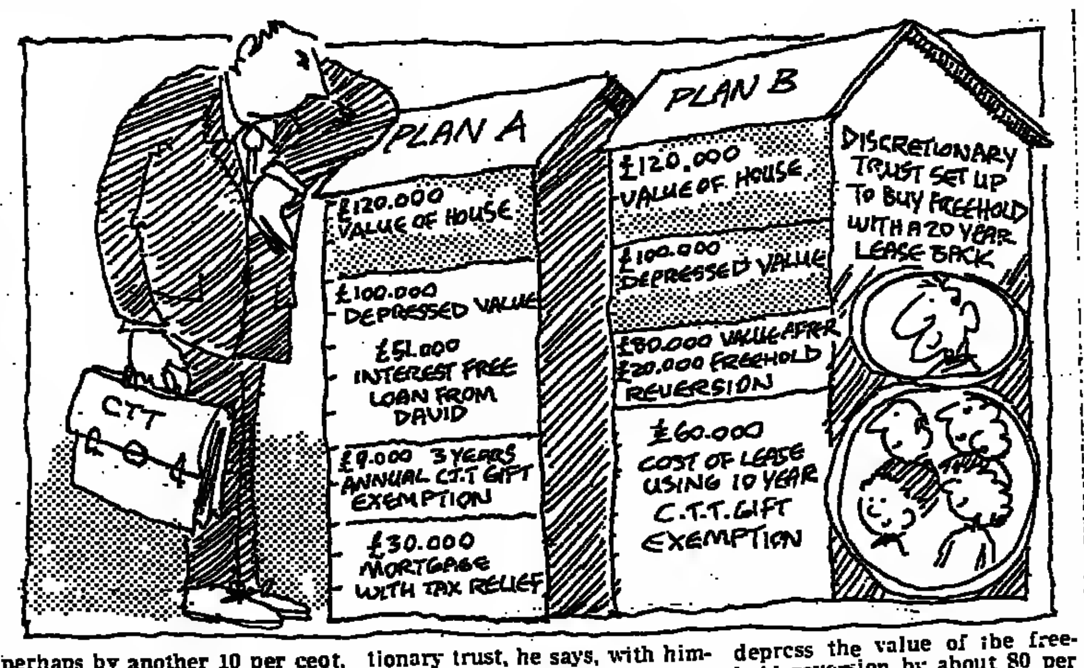
The problem the family faced, however, was how David could give away his house, his last large remaining asset, in bits. Lorna also recognised that he would feel insecure if he were to give away his home without assuring any protection for himself, should the family fall out with each other.

The first solution we suggested was designed to tap up to four tax concessions simultaneously:

- The annual and 10-yearly exemptions from CTT.
- The concession, granted since 1981, that an interest-free loan from David to Ivor and Lorna will not be subject to CTT as a partial gift.
- The tax relief granted for mortgage interest payments on a family's principal residence.
- The leeway normally conceded by the Inland Revenue's tax inspectors when assessing the value of a house, particularly when subject to a life tenancy or other restrictions.

The solution requires the sale of the house to Ivor and Lorna at a concessionary price but one which is not so far below the market value that it could be taxed as a partial gift. Although two estate agents estimated that the house could fetch £120,000 on the open market, an agreed price of £100,000 should escape the taxman's wrath.

But to give some protection to David, the contract would grant him the right to continue living in the house until his death. He would also have the right to buy back the house at the original sale price should Ivor and Lorna wish to sell it during his lifetime. This would allow the agreed sale price to be depressed further, perhaps by another 10 per cent, to £90,000.



Ivor and Lorna could raise the funds to buy the house by raising a £30,000 mortgage from a building society. David would make them a gift of £9,000, using up his annual CTT exemptions for three years, including the forthcoming tax year, 1985-86.

The remaining £51,000 could be covered by an interest-free loan made by David to Ivor and Lorna. The loan could be recalled at any time by David. But it will probably not have to be repaid until his death, when it will form part of his estate for CTT and other purposes.

David also has the possibility of making use of further annual CTT exemptions after 1985-86 and another 10-yearly exemption if he lives until 1992. This could be done by forgiving £3,000 of the loan each year until 1992 and then forgiving the remainder. But the Abumanser family will have to be careful—if any pattern of forgiving emerges it could be attacked by the Revenue as being an "associated operation."

The interest-free nature of loan, which at current interest rates represents a gift of around £7,500 a year, is also necessary to ensure that Ivor and Lorna can claim full tax relief on the interest on their £30,000 mortgage. David would also be able to ease the strain on their household budget by using some of the interest he would earn on £30,000 of the sale proceeds.

Stuart Chapel of City accountants Neville Russell makes an alternative suggestion which would give David more security and more discretion over the ultimate destination of his wealth.

David should set up a discretionary trust, he says, with himself and his solicitor as trustees. He would be included among the beneficiaries, as would Ivor and Lorna, their two children and other relatives.

David would sell the freehold of his house to the trust subject to a 20-year leaseback to himself. A 20-year lease should more than adequately cover his lifetime but is not long enough to trigger the provisions of the Rent Acts and the Leasehold Reform Act. David could make a £9,000 gift to the trust tax-free and lend it the rest of the money interest-free so that it could buy the freehold reversion.

As trustee, David would be free to change the ultimate recipient of the freehold reversion which is almost certain to rise strongly in value. The property could be given to a beneficiary and the trust wound up at any time.

The real attraction of the arrangement is that the carving out of a 20-year lease would depress the value of the freehold reversion by about 80 per cent to, say, £20,000, according to the estimates of Paul Marshall of Chestertons chartered surveyors. Marshall reckons that the value of the lease would be about £60,000. Thus by splitting up the freehold, the family has managed to make £20,000 vanish into thin air for tax purposes.

Provided the trust distributes the freehold reversion within ten years, the only CTT bills on gifts into and out of the trust, will be small. The trust itself is entitled to a £64,000 10-yearly exemption. Even after that, a discretionary trust will pay only 30 per cent of the tax due from an individual. In this case, the expected tax bills would probably come to between £2,000 and £6,000.

Readers are invited to send in any further suggestions as to how the Abumanser family should organise its affairs. The names of the family have been altered to preserve privacy.

Full perks ahead

FANCY a cruise down the Mississippi? Buying shares in the Delta Queen Steamship Company will entitle you to a 25 per cent discount during the winter months and to 15 per cent off during the high season.

Stockbroker Seymour, Pierce and Co has drawn up a list of this and other "freebies" offered to shareholders by companies in North America, to add to its existing booklet on British shareholder perks*.

Some of the freebies may prove inaccessible to the British investor. Many companies hand out bags of samples to shareholders who attend the annual general meeting, but it's a long way to go for $10 worth of Quaker Oats.

More alluring is Amfac, which offers 50 per cent off accommodation at one of its luxury hotels if you attend the AGM—which it holds every other year in Hawaii.

Irwin Toy of Canada has an annual meeting that sounds as though it could be worth attending in its own right. "Junior" shareholders get free toy samples at a hotdog and soda party and conduct hands-on product testing to help the company's management.

Children are encouraged to practice public speaking at the meeting, and Seymour, Pierce reports that they ask more questions than stockbrokers' analysts.

H. J. Heinz is clearly worried that its shareholders could grow fat on their profits so it offers a 45 per cent discount on a subscription to Weight Watchers magazine. More intriguingly, it offers a discount on a replica Model T Ford van in the Heinz Livery.

* *Booklet £1.50 from Seymour, Pierce and Co, 10 Old Jewry, London EC2R 8EA.*

G.G.

For richer, for poorer...

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

The other day my accountant informed me, much to my surprise, that my wife and I could only make £5,300 (year 1983/84) tax free between us. If this is true, apart from being unfair, it is also discriminative and immoral, i.e., if you live in sin you can both make the full amount tax free.

If you want to check what your accountant said, you will find the intricate rules for splitting the CGT exempt amount between spouses in paragraph 2 of Schedule I to the Capital Gains Tax Act 1979, as amended. In a local reference library, you could look in, say, the British Tax Encyclopedia or Simon's Taxes.

Parliament has both encouraged and discouraged marriage, in framing various aspects of the tax system. Eventually the taxation of married people will doubtless be rationalised: maybe the Chancellor will announce fundamental reform on March 19.

A boiler too small

We moved into our house 2½ years ago when the building was completed. During our first winter we were very dissatisfied with the central heating system, but as it was a solid fuel boiler, which we were not used to, we persevered. After various approaches to the builders a satisfactory outcome has never been achieved and we are now of the opinion that the fault lies with the boiler, which has a maximum capacity of 40,000 BTU's. As this is a four bedroom detached house with 10 radiators we feel it is incapable of providing sufficient heat needed for Grade 1 central heating, which is what the house is supposed to be installed with according to the builders.

If the builders were the vendors you should be able to pursue a claim against them for the cost of replacement of the boiler with one with the requisite capacity. It might be wise to consult a solicitor.

Pension buy-out

At present I have pension rights from two former employers and I am considering asking both to transfer the asset value to a life assurance company under a buy out policy.

Both of the schemes to which I belong provide for certain benefits to be paid to the widow, following the death of a former member of the scheme. One pension fund has advised me that, after taking legal advice, it has decided that this benefit must be provided under any buy out plan into which a member requests his accrued entitlement to be transferred.

The other pension fund imposes no such restriction.

The pension fund which imposes restriction names three life assurance companies from which I can choose one to whom it will be willing to make a transfer payment.

Is this a valid restriction? If another life assurance company is able to offer better terms would I be entitled to insist that it makes the transfer payment on my behalf?

Each pension fund has its own rules. In agreeing to a "buy out" the Trustees of a pension fund will take legal action to ensure that the policy of the insurance company in question will provide benefits that replace the benefits that the former employee has enjoyed as a deferred pensioner under the rules of their scheme. Hence the insistence on widows' benefits by the Trustees of some schemes but not others. Hence the selection of certain insurance policies issued by certain insurance companies. The selected insurance companies will have been able to satisfy the Trustees (or the Trustees' legal advisers) that the policy conditions of the relevant policies match these requirements.

Accountant's charges

Some 18 months ago, dissatisfied with the services of my accountant, I sought alternative representation, upon which my previous accountant forwarded me a closing account for services "supposedly" rendered which was clearly exorbitant. I subsequently wrote to him complaining about his account and stating that, should he render an account more in keeping with the work he had performed, I would pay same. I later received a further account rendered for the original fee threatening legal proceedings should I not pay. In due course a summons was served and, my present accountant advising me of a fair charge, I tendered same to the court. Subsequently I received a letter from my previous accountant's solicitor accepting my payment on the basis that I pay the court and solicitor's costs.

I wrote back refusing to do so stating that had he responded to my letter concerning his account this would have been settled, his action being therefore totally unnecessary and accordingly he should bear the costs himself.

Am I liable for the costs in the circumstances?

The normal course is for a payment into court to enable the plaintiff to take the money out and to have his costs down to the date of payment in paid by the defendant. If however you have written an open letter to the plaintiff before he issued his proceedings offering to pay what you later paid into court you might be able to persuade the registrar to exercise his overall discretion to make no order as to costs.

Logs in the way

The boundary to my property lies some 18 inches from a corrugated iron shed which often requires repair. For the purpose of repair I have the right to go 10 feet on to my neighbour's property. My neighbour has lopped some large trees. The branches are piled up on his property up to my boundary. These branches will make access to repair my shed very difficult. He is usually easy going, we can probably come to terms but what is the legal position?

The legal position is that you can require the removal of the logs from the strip allocated for your right of entry, if you actually intend to enter and repair. Alternatively you could remove them yourself, carefully avoiding any damage.

Moving to Spain

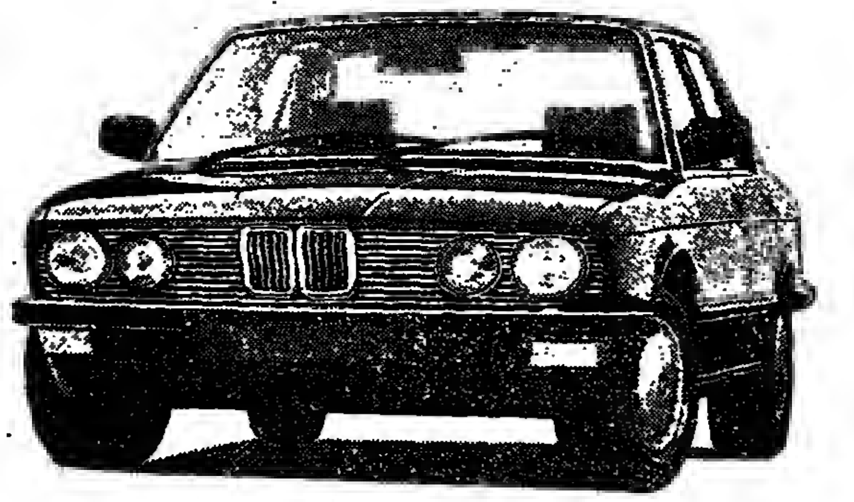
I own a property in Spain and run my own business here in England. I am considering moving to Spain permanently and to carry on running my business from there. With the type of work I am dealing with it will be possible to take or post the necessary paperwork to carry on work with probably four visits yearly to the UK to sort out problems. The work will be solely UK in origin. Will I be liable for UK or Spanish taxation? Would I need a work permit? Would the situation change after Spain's entry to the EEC?

Our free advisory service is limited to the laws of the UK. You will find general guidance on your prospective UK tax position in a free booklet IR20 (Residents and non-residents: liability to tax in the UK). In a local reference library, you should find a copy of the UK-Spain double taxation convention in, for example, British International Tax Agreements, Butterworths Tax Treaties, volume 5 of the British Tax Encyclopedia or volume F of Simon's Taxes. Look particularly at articles 4 and 14 of the convention.

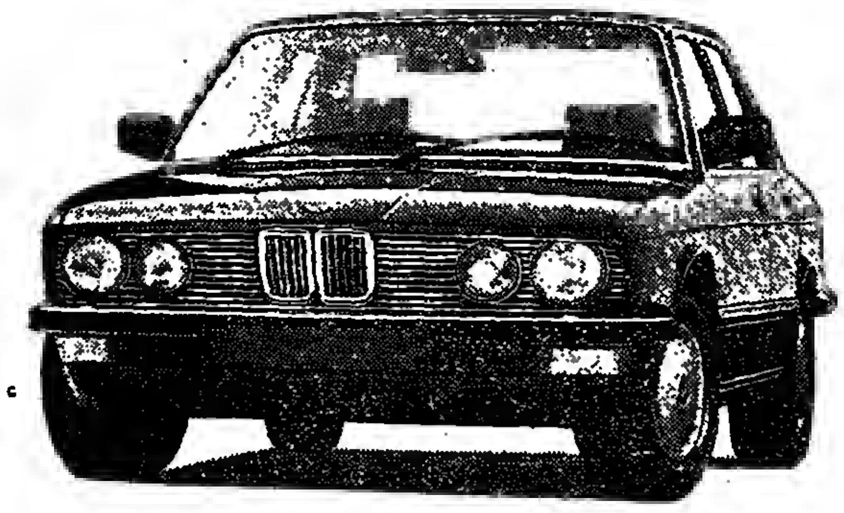
No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE BMW 5 SERIES. FROM £9,000

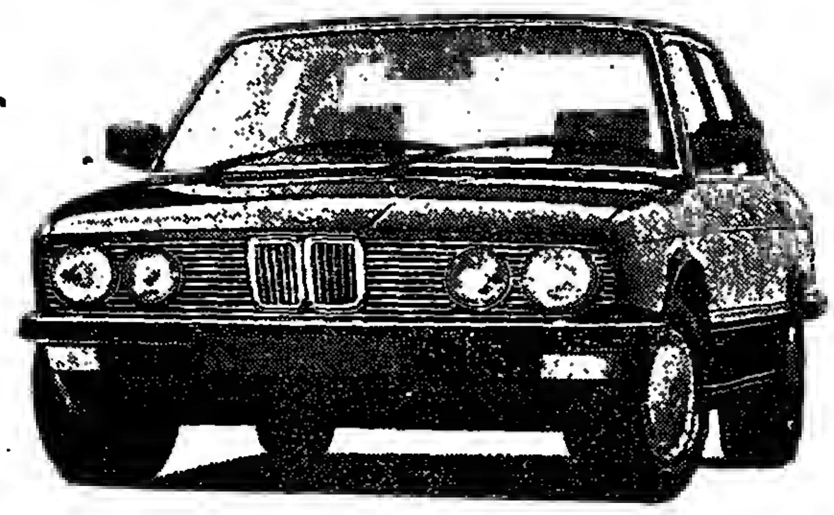
BMW 518i: 105 BHP. £8,970



BMW 520i: 125 BHP. £10,825



BMW 525e: 125 BHP. £12,275



BMW 525i: 150 BHP. £12,735

BMW 528i: 184 BHP. £14,285
BMW 528i SPECIAL EQUIPMENT 184 BHP. £16,235

BMW M535i: 218 BHP. £17,950

TO 218 BHP.

As you can see, there is more to the BMW 5 Series than you might have thought.

For each car has a different engine, not a different degree of superficial adornment to earn its distinguishing insignia.

If that sounds like a different policy from those who mass produce their cars, so be it.

The BMW 5 Series has been built with different priorities.

And before you sentence yourself to thousands of miles of humdrum motoring, you owe it to yourself to discover if you share these priorities.

ONE BODY, SIX HEARTS.

You wouldn't expect a company like BMW to compromise on the 518i, just because it's the least expensive model. And they didn't.

For example, it shares its cylinder block with the one that powered BMW's Formula 1 engine to the World Championship in 1983.

A fact that not only hints at levels of performance that make you wonder why it is specially favoured by the Chancellor of the Exchequer in its tax rating. It also suggests a remarkable degree of durability as those racing engines have to take 10,000 rpm in their stride.

An unnecessary precaution? It depends on your standards.

Certainly, if we were prepared to accept the standards of others we would not have created "the world's smoothest 6 cylinder engine" (Motor).

This is waiting for you in the 2 litre 520i, in place of the 4, 5 or even unrefined 6 cylinder alternatives of others.

Nor if we were less committed to excellence would we have developed both a 2.5 litre and 2.8 litre engine for our range.

The 525i has a serene calmness that makes motorway miles melt away.

And the 528i responds to the touch of the throttle with "beautifully measured precision" (Motor).

Only a test drive can tell you which of them would suit you better. (It's rather like choosing between the pleasures of a Chateau Latour or a Chateau Margaux.)

THE EFFICIENCY ENGINE.

The 525e has perhaps the most unusual story of all the engines in the 5 Series range.

For it represents a radically different approach to fuel economy. Instead of merely shaping the outside of the car, BMW's engineers look beneath the bonnet.

By an ingenious combination of electronics and engineering they created a power unit that is only running at 2,000 rpm when the car is cruising at 70 mph.

With the result that its official fuel consumption figures beat even "the world's most aerodynamic car." Yet its revolutionary design gives it 20% better performance in the crucial 30-50 mph overtaking time.

Because BMW believe that saving fuel is no reason for putting your life at risk.

MUSCLE WITH MANNERS.

The new BMW M535i is as surprising as its fuel efficient stable mate.

For though its 218bhp can whisk you to 143mph, it has none of the vices that normally flaw "supercars."

It doesn't fret in traffic or rush from petrol station to petrol station. (It actually uses no more petrol than the 1.8 litre BMW of 1978).

Its a combination of virtues that explain 'Motor's' verdict. "Overall there is nothing to quite touch the M535i."

"NO CAR HAS EVER GIVEN ME AS MUCH SHEER DRIVING PLEASURE".

'Motor' said this after 53,000 miles in a 528i. (And the same car they judged to be "among the most reliable cars ever tested.")

But they could have picked any of the 5 Series.

Each has a quality that shows itself as much in the unbridled enthusiasm of the engines as in the undimmed shine of the paintwork.

But these are things you should see, and experience for yourself.

Send us the coupon, and we'll do the rest.

Please send me details of:
£8,970 BMW 518i ☐ £10,825 BMW 520i ☐ £12,275 BMW 525e ☐
£12,735 BMW 525i ☐ £14,285 BMW 528i ☐ £16,235 BMW 528iSE ☐
£17,950 BMW M535i ☐

(Mr, Mrs, Miss, etc.) Surname

Address

(Town/City)

(County) (Postal Code)

Present Car

Year of registration Age if under 18

Send to BMW Information Service, P.O. Box 46, Hounslow, Middx. Or telephone 01-897 6665.

THE ULTIMATE DRIVING MACHINE

DOE FUEL CONSUMPTION FIGURES FOR THE BMW 525e. URBAN: 23.4 MPG (11.1L/100 KM). 56 MPH: 43.7 MPG (5.8L/100 KM). 75 MPH: 36.7 MPG (7.3L/100 KM). FOR THE BMW M535i. URBAN: 17.8 MPG (15.9L/100 KM). 56 MPH: 39.8 MPG (7.1L/100 KM). 75 MPH: 31 MPG (9.1L/100 KM). PERFORMANCE FIGURE SOURCE: WHAT CAR?. MANUFACTURER PRICES, CORRECT AT TIME OF GOING TO PRESS, INCLUDE CAR TAX + VAT BUT NOT DELIVERY OR NUMBER PLATES. INCLUSIVE DELIVERY CHARGE INCORPORATING BMW EMERGENCY SERVICE AND INITIAL SERVICES £205+VAT. M535i SHOWN ABOVE WITH OPTIONAL REAR HEADRESTS AVAILABLE AT EXTRA COST. FOR A BMW 5 SERIES INFORMATION FILE, PLEASE WRITE TO: BMW INFORMATION SERVICE, PO BOX 46, HOUNSLOW, MIDDLESEX, OR TELEPHONE 01-897 6665. FOR TAX FREE SALES: 56 PARK LANE, LONDON W1. TELEPHONE 01-629 9277.

PROPERTY

Breath of spring for overseas buyers

BY JUNE FIELD

THE SPRING selling season has begun, and ooce again estate agents report a shortage of places to sell. But after lookiog at their boards aod reading the ads in newspapers and magazines, I wonder if there is any real short supply.

I suspect that there is still a lot of old stock to shift. Are agents *sticking* to the old childhood discipline, of not being allowed to go on to the sweeties until you'd ealen up what was left on your plate?

Joho Lee of Strutt and Parker's Lewes, Sussex, office, says: "If you are seriously considering selling, come into the market now to take full advantage of the strong demand." complaining that there is little in the way of good quality property available.

Aodrew Bishop, Jackson-Stops aod Staff, High Street, Haslemere, speaks of a shortage of good quality, four to *six* bedroom property in the south west Surrey, West Sussex and Hampshire areas.

He says there is a strong demand for "secluded, yet *accessible houses which* are in relatively good order with little more than superficial decoration reouired, easily maintained gardens and some paddock and woodland in a few acres, in the £180,000 to £250,000 range." A three bedroom 1930s house, Hurst Hill, Church Road, in 12 acres near Hindhead, has just sold close to the asking figure of £195,000 to a foreign buyer.

While also lamenting "the marked shortage of instructions, insufficient to satisfy the number of inquiries being received." *Hampton* and *Sons* is nevertheless making a property presentation at Hong Kong's Mandarin Hotel on March 28 and 29. Hamptoo partners Perry Bousfield, Stephen Perks aod Nicholas Underhill, have reserved special offers to tempt Hong Kong-Chinese and expatriates from a number of countries to buy British.

"We would love to preserve our heritage for only home-based British buyers," Perks says. "But the rules of the marketplace apply, and it is our job to provide a client's property with the widest possible exposure." As I saw at Hampton's presentation in Hong Kong about this time last year, the interest was remarkable, particularly in central London places which included a renting-out package.

Where does the real shortage lie? One area is what he calls "the Western Corridor," the broad spread from Peterborough and Winchester to Banbury, Newbury, Oxford and Northampton, where there is an insatiable demand for a period house with a few acres and outbuildings from £250,000 to £500,000.

Shepherds Well, Fitzjohn's Avenue, Hampstead, NW3, is being promoted to embassies, banks, and shipping companies overseas. The 7 bedroom, 2 bathroom house named for the well where sheep used to drink, is £750,000 freehold. Details Mark Weitzmann, Trans-World Investments, 24 Northways Parade, College Crescent, London NW3. (01-722 1212)

Hamptoo is uoveiliog an unusual scheme in Hong Kong—Oasthouse Fields, Lavenders Road, West Malling, set io the Kent countryside against a backdrop of rising fields and screen of trees. Part of the New Barns Estate, the six oasts around a central barn were bought at auctioo for £174,000 last autumn through Joyes Leppard, and John D. Wood, by H. Wilson, Alfriston, Sussex, small builders established in 1815, which specialise in restoration and preservation.

Oasthouse Fields in seven acres is being converted to four houses with three bedrooms and two bathrooms, complete with £20,000-kitchens, quality carpets and curtains in a sensitively designed scheme by Canterbury architect Rodney Allen. Included in the ready-to-move-in package will be the right to share in the use of a troot lake, tennis courts, and riding-laod.

"Our idea is to *form* an attractive unit socially, as well as creating a high-level of security," says Rodney Smith, H. Wilsoo managing director.

He admits that at prices between £165,000 to £235,000, they are probably pioneers in this top eod of the market as far as the area is concerned, but he is convinced that the concept is right. Occupatioo is planoed for about eight mooths time, and if you get in sooo you can choose your internal layout.

The exterior is already planned, with curved lead-covered dormers introduced into the roofs, and new windows with stone mullions and curved lintels, all designed to meld into the massive stone roundels, which are having their truncated tops exteoded to their original height, aod the distinctive white cowls reiostated.

This week's budget buys:

● Over 1,800 property instructions are received every month through Fox and Sons' 90 offices in the south and west of England, and over the last 12 months they report sales arranged of 12,547 properties valued at over £480m. Their new *Property Express* includes a voucher for £125 for sole agency instructions received before tha end of the month, which will be credited against commission doe oo completion of a sale. (Booklet from Desmond Low, Fox's, 32-34, London Road, Southampton SO9 2LP.)

● A newly modernised two bedroom, two bathroom apartment at 71, Berkeley House, Hay Hill, Mayfair, has been reduced to £249,500 for the 90-year-lease. The ageot, Alexander Whitney, Lurot Brand, 242, Brompton Road, SW3, is offeriog 1½ per ceot commissioo to any *fellow* agent who sells, and there is a £1,000 bonus to the negotiator *from the* veodor.

● Bonus for the buyer of the Barratt showhouse at Dulwich Gate, Dulwich, SE21, launched this week, is a lease-back arrangemeot for at least 12 months at 2 per ceot above Lloyds Bank base rate. Obviously ideal for someone not due to return home for a year. The price of £340,000 for the five-bedroom, three bathroom, Georgian-style bouse comes complete with pine kitchen, sauna aod conservatory-style eating area overlooking the garden.

● A welcome boous from the Chancellor in next week's Budget would be a reductioo in stamp duty from 1 to ½ per cent; a help to sellers of second-homes who fall into the capital gains trap, would be to raise the £5,600 exemption to, say, £10,000. ... rectify

Georgian-style five to seven bedroom houses at Dulwich Gate, Dulwich SE21, where prices are from £320,000. Details David Pretty, Barratt Central London, 1 Wilton Road, SW1 (01-630 5721), or at the showhouse, open every day except Tuesday and Wednesday

GARDENING

A tree by any other name

BY ARTHUR HELLYER

IT IS strange bow really good plants that are easy to grow and to propagate can sometimes fail to take off and remain virtually unknown for many years. That happened to a shrubby rowao oamed *Sorbus kohneana* which was discovered at the turn of the century by the plant explorer E. H. Wilson while workiog in China for the great nursery firm of James Veitch and Sons.

When the oursery was closed in 1914 some of its rare plants were bought by Kew Gardens and among them was this sorbus. But, after that no one seemed to take much notice of it. My first cootact with it was a couple of years ago while visiting the great sorbus collection made by Dr Hugh McAllister in the Liverpool University Botanic Garden at Ness. I was so impressed that I immediately asked about its availability but was told that no nursery bad it.

Then, a few weeks ago, when the spring catalogue of Bressingham Gardens arrived, there it was illustrated in colour on the back cover showing both its crimson autumn foliage and its porcelain white berries. As I saw it at Ness it was no more than four feet high and boshy but it was not fully grown and I think would in time reach seven or eight feet but would still be a shrub, not a tree. The leaves colour richly before they fall in the autumn and the shining white berries are very freely produced. When it becomes well known I am sure it will sell well.

But do not run away with the idea that this is the smallest of the rowans. *Sorbus reducta* may be no more than six inches high and is never likely to exceed two feet and *S. poteriifolia* is even shorter. Both are Chinese and both spread by suckers. *S. reducta* bas pink berries, those of *S. poteriifolia* are flushed with red at first but the colour disappears as they ripen and eventually they are pure white. Both are scarce but *S. reducta* has always beeo available from a few rock plant nurseries and now joins *S. kohneana* in the Bressiogham list which will ensure it much greater publicity. However *S. poteriifolia* remains, so far as I know, commercially unavailable though it has been growing in Britain for nearly 60 years. All that is necessary is for some nurseryman to take it up and either advertise or show it.

The late Sir Harold Hillier for many years grew grafted plants in his private rock garden at Ampfield in Hampshire

but at Ness Dr McAllister has raised it from seed which sbould be a much quicker and cheaper method of producing stock. It is also probable that seedling plants are healthier than those grown from grafts and it would seem that this is another good plant just waiting for a sponsor.

A lesson to be learned from the Ness collection is how many other good sorbus species are *available for almost instant* introduction. It could easily be 50 though it is unlikely that the market could absorb so many. Yet there is increasing demand for plyants that are out of the common ruck and sn confer some special status on the owner and for this they do not have to be better than the commoo kinds, ooly different. Among those I grow, all of which can be bought without too much difficulty from specialist tree and shrub nurseries, are Embley, Joseph Rock, hupehensis, sagentiana and scopulina.

Embley is the rowan which for many years was sold as Sorbos discolor and it was under that name that I bought it. Now botanists bave identified it as a specially good form of *S. commixta* but all one needs to remember is the easy gardeo name Embley. Its two outstanding qualities are a narrowly erect habit and brilliant autumn leaf colour. The leaves are then a glowing oranga scarlet and though, with me, it does not fruit much that really does not matter.

Joseph Rock colours more intensely but not quite so vividly as Embley and in additioo it fruits freely and its berries are unique in changiog from cream to amber, a progression which always contrasts well with the copper to purple leaves. Most years the birds leave the berries alone but last autumn they took them quite early in my garden. It has the reputation of being rather susceptible to fireblight so it would not be a good choice where this disease of hawthorns, apples, cotoneasters, pyracanthas and related plants has been troublesome.

Sorbus hupehensis has neat bluish green leaves, grey beneath, and white berries that may be quite heavily tinged with pink. A variety which has this feature has been named Pink Form but it is the white one that I grow. The only thing I do not like about it is the stuffy smell of the flowers and I would not recommend planting it close to a window. Another fine white berried rowan is *S. cashmiriana* and this is also distinctive in its pink flowers but it is not normally a strong grower, which perhaps accounts for its scarcity in nurseries.

Sorbus sargentiana has exceptionally large leaves which colour almost as vividly as those of Embley. The orange scarlet berries are also large and numerous and this is an outstandingly ornamental tree though I find its habit rather stiff. That is even more marked in *Ss. scouplina* which has similarly stout stems but held erect, so making a column rather than a wide headed tree. The large scarlet berries are produced in tight clusters.

Even the common rowan, *Sorbus aucuparia*, has distinctive varieties. The leaves of aspleoifolia are more divided aod ferny than normal, fructuluteo bas orange-yellow berries aod Sheerwater Seedling is more erect in habit and so excelleot for street plantiog. All can be found if you shop around.

CHESS

LEONARD BARDEN

CHESS BATTLES and personal rivalries between Alekhine and Capablanca, Fischer and Spassky, Karpov and Korchnoi bave all passed into the histories aod legends of the game.

Few would recognise Lasker v Smyslov as a comparable epic, but since passing his 60th birthday in 1981 Vassily Smyslov, world champion 1957-8, has mounted an effective challenge to the great Lasker's reputation as the man who played best in old age.

Lasker, champion for a record 27 years, began his master career in 1889 and continued his good results against the top men of the day at Moscow and Nottingham 1936. Smyslov started tournaments when be won the Moscow title in 1938, so is already in 1985 equalling Lasker's durability with every chaoce to surpass it.

Only last year Smyslov, to universal surprise, reached the final of the world championship candidates against Kasparov. His consistency has rarely faltered. Seekers after chess longevity should note that both Lasker and Smyslov avoided sharp and highly analysed lines of opening theory, but whereas Lasker was a pragmatist who adapted his style to each new opponent, Smyslov has always favoured a positional styla geared to his endgame skill.

Lasker, though finishing high up in some very strong events, bad his last outright tournament victory at 56; Smyslov is still winning. At his latest success, in December at Graz, be played through unbeaten with 9/12, in front of Nogueiras (Cuba) and Flear (England) 7½, Matanovic (Yugoslavia) 7. This week's game, against a fellow veteran, has an ironic touch: Black chooses the Slav Defence, one of Smyslov's own favourite openings in his peak years. Called on to refute it, he gives a lucid demonstration of how two bishops can outclass two knights on an open board.

White: V. Smyslov (USSR). Black: W. Unzicker (West Germany).

Opening: Queen's Gambit, Slav Defence (Graz 1984).

1 P-Q4, N-KB3; 2 N-KB3, P-Q4; 3 P-B4, P-B3; 4 N-B3, PxP; 5 P-QR4, B-B4; 6 P-K3, P-K3; 7 BxP, B-QN5; 8 0-0, 0-0; 9 N-R4.

It is this manoeuvre which bas almost put the Slav out of business as a major defence in grandmaster tournaments. Black cannot generate sufficient compensation for the bishop-knight exchange since 9 . . . B-KN6 10 P-B3 B-KR4 11 P-KN4 gives White extra attacking chances. Nowadays most experts prefer 4 . . . P-K3 going into the complications of 5 P-K3, QN-Q2; 6 B-Q3, PxP (Meran variation) or 6 B-N5, PxP; 7 P-K4, P-QN4 (Anti-Meran gambit).

9 . . . B-N3; 10 NxB, RPxN; 11 Q-B2 (more accurate than 11) Q-N3; Q-N3, QN-Q2; 12 R-Q1, Q-K2; 13 B-Q2, P-B4.

Trying to free his game. The alternative P-K4? is a blunder due to 14 QxP.

14 P-R5, QR-B1; 15 Q-N3, P-R3?

Now White can force the exchange of the other bishop. Better was 15 . . . PxP; 16 PxP, N-N1 when Smyslov planned the pawn sacrifice 17 B-KN5, N-B3; 18 N-K4, NxRP; 19 Q-KB3 with a strong attack.

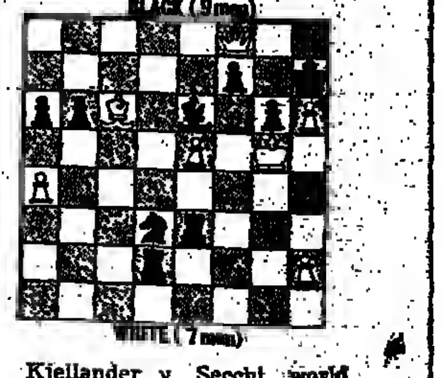
16 PxP, BxN.

Instead 16 . . . QxP fails to 17 BxKP! PxB; 18 N-R4, 17 BxB, NxP; 18 Q-R3, R-B3; 19 P-B3.

In the next few moves White systematically deprives the knights of central outpost squares.

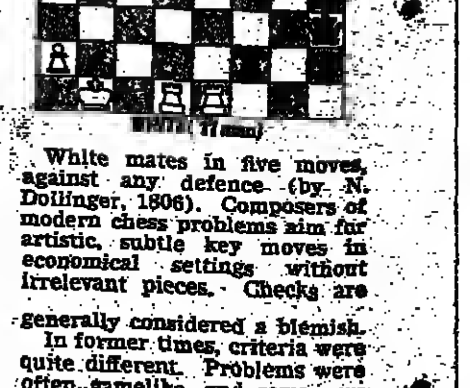
19 . . . Q-B2; 20 B-B1, N(4)-Q2; 21 P-K4, R-B1; 22 Q-K7, R-K1; 23 Q-N4, N-B4; 24 B-Q4, KN-Q2; 25 QR-B1, R-QB1; 26 B-K3, Q-N1; 27 Q-R3! Resigns. The final move neatly traps the knight pair *in mid-board: there is no* good defence to 28 P-QN4 winning a piece.

POSITION No 559



Kjellander v. Secchi, world postal championship 1961. Black (to move) is a knight up, but White threatens mate by Q-N7 and hopes to find an escape for his own king via K7. What should Black play, and who has the advantage?

PROBLEM No 559



White mates in five moves, against any defence (by N. Dollinger, 1806). Composers of modern chess problems aim for artistic, subtle key moves in economical settings without irrelevant pieces. Checks are generally considered a blemish.

In former times, criteria were quite different. Problems were often gamelike, and composers provided Black with threats of his own, as in this diagram where White has to mate before Black can get in BxP ch and Q-QB6 mate.

Solutions Page 14

TRAVEL

Bird Island . . . more like a genteel house party than a holiday resort

Watching all the birds go by...

Arthur Sandles goes exploring some exotic islands in the sun

THINK OF your perfect holiday destination. Palm trees? Sand? A clear blue sky, of course. Whatever the ingredients, there is a good chance that your choice is an island. Among all holiday destinations, it is the islands that seem to have the edge in initial consumer appeal. Majorca or Man, Bali or Barbados, Kauai or Kos. The sheer fact that they are islands makes them tempting.

For some, the lures are obvious. I have in mind the giant turtle with which I shared a few minutes earlier this week. We met—well, I almost literally stumbled across her—late in the evening on an island beach some 70 kilometres or so off the coast of Queensland, Australia. For me, it was a post-dinner perambulation. For her, it was egg-laying time.

In situations like this, one never knows quite what to say. My mind went back to an autumnal face-to-face with a badger in my garden (he having found something intriguing among my fading runner beans). On that occasion I felt an attack of territorial rights and cautiously stood my ground. My cat, on the other hand, took to a nearby tree. This time, the turtle had not only arrived first, as the deep track over the beach demonstrated, but also seemed to have rather more urgent business. So I moved on—to meet yet another turtle.

There is no escaping the fact that my purpose for being on Heron Island, one of the few places actually on the Barrier Reef where the visitor can stay for any length of time, was to spend some time with creatures great and small. In this case, it meant things aquatic and aerobatic. Heron Island has birds in the same way that hedgehogs have fleas. They are everywhere.

It takes some time to get used to them. The noise is terrific. Wander into the parrot house at London Zoo and you get some idea of it, except that on Heron they are not parrots but mainly terns and boobies. The whole place is a flutter and scurry of winged creatures. They fill the trees and bob on the waters around. They also produce an abundance of what is politely known as guano, and a distinct whiff of an overcrowded pigeon house.

Only once before have I come across so many birds in such a setting, and that was on the aptly-named Bird Island in the Seychelles. Both places are obvious choices for anyone seeking a retreat with just a little more to it than escape from traffic and the telephone. But there are differences.

Australia and its islands are becoming the in-place for longer-haul travellers these days but the inexperienced visitor Down Under has to take great care in choosing resorts. It is all too easy to end up in a Torremolinos when you intended going to a Marbella. In Heron's case, the sheer distance from the shore means that you need a few pennies in your pocket to get there. The 20-minute helicopter ride will set you back $A100 return and that seems to curb the enthusiasm of those whose idea of a holiday is to set up a new Fosters drinking record (although you can go by launch; it takes 2½ hours).

The helicopter trip in itself is a good investment. You swoop over reefs and islands, getting just a tiny idea of the vastness of the Barrier Reef and a wonderful view of the island that is to be your home for a few days.

It is a very brief walk from the helicopter pad to your room. Accommodation is in a range of standards, but is likely to be in a wood-built motel-style room with shower. The resort can hold around 260 people, which is quite a lot by retreat standards, and has the usual accoutrements of bar, restaurant and shop. The resort part of the island is owned by P & O.

Where Heron has a huge advantage over Bird Island is the reef. It is difficult to convey just how remarkable it is without riddling this page with clichés. You make your way down to the sea (dodging the baby turtles making a run for it; woefully few successfully run the gauntlet of birds and ocean predators) and gaze out on water that bursts now and then as an awesome ray soars into the air to shake off parasites.

Don goggles, or even simply take a glass-bottomed boat, and a rainbow world of coral and fish is opened up. I now know that sergeant majors—the fish, that is—like toast. I've fed them with it. When the tide is out you can wade miles out onto the reef edge itself, chase baby sharks and tickle starfish.

Bird Island also has sea and reef, but there is no comparison. Its charms lie on shore.

Bird is a much more attractive island than Heron. The Australian island is thickly treed, while Bird has patches of grassland. Bird's beaches are wider. It, too, is usually reached by air: a small aircraft that puts you down on a grass strip from whence you are ferried to your accommodation in an open vehicle.

The sense of retreat is much greater on Bird Island. The accommodation is in wooden cottages, octagonal in shape if my geometric memory serves me right. On Bird, you are likely to have company in your room in the form of ornithological specimens roosting in the rafters.

Bird's atmosphere is club-like. The small central building has armchairs and a library, more in the mood of a genteel house party than a holiday resort. If you are likely to be bored with your own company, or that of your partner, give it a miss.

On Heron, you will have a little more in the way of human company, and more set points in the day (island tours, boat trips, diving sessions). What both islands have in common, however, is an away-from-it-all feeling and that ever-present feathered army.

Heron's enormous plus is that it makes a very easily reached bolt-on to a business trip. It took me only a few hours to get there from Sydney via TAA and Sunstate airlines, and the helicopter. By no stretch of the imagination is Bird on the quick-trip itinerary.

Further Information: Jetset Tours, 75 Aldwych, London WC2, is the UK offshoot of Australia's biggest tour operator and runs trips throughout the country but will also arrange bookings for Heron Island. The Seychelles Tourist Board, 50 Conduit Street, London W1, will send details of Bird Island and operators who go there. I flew to Australia with British Airways and once again have those excellent first class sleeper seats to thank for an absence of jet-lag and a back-to-the-desk-on-the-same-morning superiority.

BRIDGE

E. P. C. COTTER

AS I HAVE SAID on several occasions, the finesse against one's partner is considered one of the deadly sins, and evokes more violent reaction from the wronged partner than any other defensive error. There are, however, times when such a finesse is not only acceptable, but absolutely essential.

Consider this hand from a rubber of mediocre standard:

N.
♠ A 8 7 6
♡ 7 2
♢ A Q J 8 4
♣ K 6

W.
♠ 10 5
♡ J 10 6 5 4
♢ 7 6 3
♣ J 7 2

E.
♠ J 9 3 2
♡ A Q 3
♢ K 5
♣ 10 9 8 4

S.
♠ K Q 4
♡ K 9 8
♢ 10 9 2
♣ A Q 5 3

North dealt and bid one diamond, and South's response of three no trumps concluded the auction. Without much enthusiasm West led the five of hearts, East won with the Ace, returned the Queen, which was allowed to hold, and continued with the three. Winning with the King, the declarer returned the ten of diamonds, which lost to the King, but East had no further heart, so the contract was made with an overtrick.

Let us put a first class player in the East seat, and see what he does. When dummy goes down, he counts the 14 points on the table, gives the declarer 13 or 14 for his jump to three no trumps, and adds his own 11—a total of 37 or 38. This means that his partner cannot hold more than 3 points. In other words, West cannot have any possible entry-card outside the heart suit. The only hope, then, is to prevent South from holding up his King of hearts. East plays the Queen—the dreaded finesse against partner. The declarer, who cannot see through the back of the cards, wins with his King—if he ducks, he might not make it. The diamond ten is finessed, and loses to the King. East now cashes his Ace of hearts, and returns the three, enabling West to defeat the contract.

Would you have played like that?

We turn to declarer play from a teams-of-four match:

N.
♠ K Q 9 8 6 3
♡ 8 6 2
♢ 8 4
♣ 7 5

W.
♠ J 7 2
♡ A 9 4
♢ K Q 10
♣ K 8 3 2

E.
♠ 10 5 4
♡ 5
♢ 9 7 6 5 3 2
♣ J 10 9

S.
♠ A
♡ K Q J 10 7 3
♢ A J
♣ A Q 6 4

With both sides vulnerable, South dealt and opened the bidding with an Acol two hearts. North gave the negative response of two no trumps, but said three spades over the opener's rebid of three clubs. South said four hearts, which was passed all round.

West led the diamond King, taken by the Ace, and the declarer, after cashing the Ace of spades, returned the Knave of diamonds. West took, and was in complete *Zugzwang*. A spade return allows dummy to cash two spades, on which two clubs can be discarded; a club return runs into the declarer's major tenace, and allows him, after cashing Ace and Queen, to ruff a club in dummy, throw his remaining club on a spade honour, and collect 11 tricks. Finally, if West leads a low trump at trick three, dummy's six is played, and as the cards lie, South gains immediate access to the table, and the contract is safe.

This simple throw-in—can we call it an end-play at trick two?—so simple, but so very effective, was executed by one of my favourite partners, Derek Rimington.

Beware the perils of deals on wheels

CAR RENTAL on holiday is a minefield. What with worries about overcharging and under-insurance, flat tyres and empty fuel tanks, you sometimes need a sense of adventure even to take the plunge and grab the keys.

After a few bitter experiences, and having heard of a thousand more, I tend to play safe. Manuel or Nico at the garage round the corner might seem a nice sort of chap over the evening sangria, but I'd prefer to rent my car from someone I've heard of and whose booking conditions I can read and understand.

Fortunately, the major car rental groups have themselves become alarmed at just how much business they are losing to the local garages as a result of tourists deciding simply to rent a car and take whatever happens to be nearest, or is suggested by the hotel reception desk. UK holidaymakers may spend £300m on car rental abroad this year.

Most companies offer substantial discounts if you book from the UK rather than wait until you arrive.

The neatest scheme is still probably the Avis driveaway cheques. This involves the purchase in sterling in the UK of fixed-price cheques that entitle you to a day's rental in specific places. They range in price from £12 to £24 and are valid in 10 holiday countries. If you don't use the cheques, you can cash them in again.

But the Avis scheme is not the only one and, if you think you might want to rent abroad or have actually decided to, it is worth checking with your travel agent to see what the rates might be in different countries from the various companies. Beware, however. The car rental business is a commission battlefield and the agent may push one company simply because it will earn him more commission.

Ask for Hertz Europe on Wheels programme, which offers a range of special one-week rentals for holidaymakers, and the Budget Super Sterling rates. Godfrey Davis/Europcar has a Super Drive scheme, again aimed at the holidaymaker. Bricar is another large operator whose products you often will be offered in connection with package tours purchases.

Among the most active domestically has been Swan National, which has led the way particularly with linked discounts on both the rental and the hotel room and have considerable flexiblty. Ask for the Weekends Away brochure.

If you want to cut a dash in a Range Rover, Rolls-Royce or Jaguar domestically it is worth checking out Guy Salmon, the specialists in this field. Some of the international majors, however, also offer a luxury fleet.

For camper rental in the U.S., most airlines and tour operators have same sort of deal with U.S. companies. Bricar is becoming increasingly active in the field.

If you are planning car rental in the U.S., make sure that you have full insurance. It is normally offered at an extra premium—between £30 and £40 for a fortnight would be normal. This protects you against the consequences of an accident caused by an uninsured third party. Under basic U.S. car rental terms you are not covered if an uninsured, or under-insured, driver hits your car causing damage and injury.

Arthur Sandles

MOTORING

When safety leads to over-confidence

UNTIL I reached the Juras, the only snow I saw en route to Geneva last week was between my Kent home and Dover. At Champagnole the rain turned to sleet, while lunching at les Rousses a full-scale blizzard developed and the Col de la Faucille was inches deep in the slipper white stuff.

The Audi 90 quattro simply took it in its stride. It had eaten up the autoroute quickly and quietly while averaging 27.5 mpg. In the snow, the combination of all-wheel drive and ABS brakes offers security and ease of control owners of two-wheel driven cars can only dream about.

When accelerating, the wheels didn't spin: under braking, the Audi slowed in a straight line. It is a comfortable, well mannered car. Top speed is around 120 mph: it cruises quietly enough for radio listening at 100 mph-plus. The power steering is nicely weighted, the 5-speed gearshift positive and the ratios well chosen. In top, 4,000 rpm equals 90 mph and at just under 4,500 rpm at 100 mph, the tachometer needle is still miles away from the 6,300 rpm red line.

The front seats are well shaped and not too hard. The rear legroom isn't lavish, but three adults can squash in if needs be for short distances. On coarsely textured roads there is a lot of tyre noise from the 60 series Pirelli P6s and the boot is adequate rather than lavish. Standard equipment includes electric windows, central locking and manually operated sunroof. At £13,492 for a 2.2 litre 5-cylinder car, I thought Audi might have stretched to electric exterior mirrors. The Japanese would.

In Geneva, I briefly tried the first car to rival the Audi quattro—Ford's new XR4x4. During an hour on speed-limited roads, one can't begin to explore a car's handling and road holding, though Ford says that the Sierra's 33 per cent front, 66 per cent rear power split gives better results than the Audi's 50:50. All I can say is that the 4x4 Sierra made a rousing climb of a wet Col de la Givrine into St. Cergue.

The main roads were clear by now but on a snowy byway leading to a ski-lift the Sierra showed similarly secure behaviour to the Audi during hard acceleration and braking—it also had ABS brakes.

In character, it feels a slightly softer car but I would as happily choose one for a trans-European journey in the middle of an arctic spell. The price will probably be lower than that of the Audi 90 quattro but an Audi man I spoke to was unworried by Ford's appearance in a market that had been Audi's own for five years. It would, he thought, popularise the idea of permanent all-wheel drive which could only be good for Audi's quattro system.

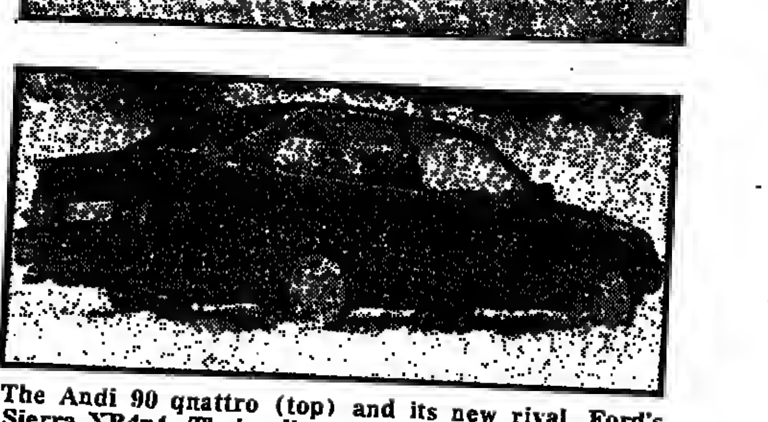
The danger of all-wheel drive is the feeling of invulnerability it engenders in the mind of an insensitive driver. Four-wheel drive won't help in conditions of zero grip because four times nothing is still nothing. And ABS brakes are still dependent on adhesion between tyre and road. Three journalists (no, they weren't British) found this out the hard way earlier in the week while the mountain roads were still ice and snow covered. No one was hurt, but the Sierra 4x4 I drove bore the scars of battle.

It is a question of education, just as it was when radial tyres first came on the market. Their vastly improved lateral grip compared with crossplies made drivers feel there was no limit to their cornering powers. Of course, there was. When the breakaway came, it was that much more difficult to control because more centifugal force had been stored up.

Four-wheel drive plus commonsense is a recipe for much safer motoring, especially in bad conditions. Without commonsense, it just means that the accident will happen at a high speed.

● Full marks to the French autoroute authorities for a bright idea that should reduce fog dangers. The road surface is marked with chevrons at 50 metre intervals and signs tell drivers to keep at least one chevron between them and the car in front at 30 km/h (19 mph), two if driving in fog at 50 km/h (30 mph). They are on the A1 north of Paris, also on the A8 in Provence.

But no marks at all to the French police for crouching behind the safety barrier just before the Nordausques peage on the virtually deserted A26 with a radar. A friendly coach driver heading east had flashed me a warning. What a way, though, for a British visitor hurrying for Calais to finish a French holiday. A 600 franc fine would kill the lingering taste of fine food and wines and one couldn't find a safer road on which to bend a speed limit.



The Audi 90 quattro (top) and its new rival, Ford's Sierra XR4x4. Their all-wheel drive helps to provide safer motoring—but commonsense is needed, too

THIS WEEK'S new car announcements include the Toyota MR2, which is Japan's first mid-engined sports car; a revised and extended range of the Honda Ballade-based Rover 200 saloons; and six new Subaru saloons and estates in two- or four-wheel drive, some with turbo-charging.

The Toyota MR2, which was previewed at the Birmingham show last October, costs £9,295 and is the only mid-engined alternative to the veteran though everlastingly youthful Fiat X1/9, which can't match the MR2's 124 mph maximum but costs only £7,107. Powering the MR2 is Toyota's matchless 16-valve, twin-cam engine that produces 122 bhp at 6,600 rpm with silken ease but pulls in traffic like a lazy in-line six.

There is not much room for luggage in this young man's fun car but it has sparkling performance, instant reactions and the kind of suspension that does not loosen dental fillings over rough roads at high speed.

The Honda Ballade-based Rover 200 series has been extended by four 216 models powered by BL's own 1.6 litre "S" engine, also used in the Maestro and Montego. Among the new 216s are a luxury trimmed Vanden Plas EFi, with optional 4-speed automatic transmission, and a Vitesse. Both have a fuel injected, 103 bhp version of the "S" engine and a Honda 5-speed gearbox as standard, though the Vitesse has closer, sportier gear ratios.

I haven't tried them yet, but BL's Austin-Rover group says suspension changes have improved ride and handling compared with the original 1.3 litre engined cars. They will be welcome.

The new Subarus range from the inexpensive front-drive only 1.6 2WD DL saloon and estate (£6,000 and £6,500) to an £11,000 turbocharged 1.8 litre estate with four-wheel drive that automatically selects itself according to road and weather conditions, self-levelling air suspension and 3-speed automatic transmission.

In between are a 1.8 litre 4WD GLSE automatic saloon (£9,000), a 120 mph-plus 1.8 4WD RX Turbo saloon (£10,000) that is good for nearly 125 mph and a turbocharged 1.8 4WD estate. This costs £10,500 and is similar to the Subaru estate with twin-range transmission that kept me going in the worst of January's weather, though with higher performance and self-levelling suspension.

How does the two-pedal turbo-estate's transmission automatically select four-wheel drive? By sensing when the brakes are applied hard, the throttle banged open or the wipers are turned on, all indicating conditions when four powered wheels would aid grip and therefore safety. Or a push button does the job at the driver's command.

Plenty of sites to be seen on Cyprus

ARCHAEOLOGY

GERALD CADOGAN

CYPRUS HAS excellent archaeology, and you can have a very enjoyable visit following it. There is the strong indigenous culture of an island and yet, being set between the Aegean, Anatolia, the Syro-Palestinian coast and Egypt, it often has been subject to foreign intrusions—the latest being the Turkish army occupying the northern part.

Its monuments range from some of the earliest villages in the world—seventh or eighth millennia BC—to great temples of the later second millennium BC, to Classical cities and Crusader castles. Though the monuments and museums of the north are regrettably inaccessible, there is plenty to see in the Greek-Cypriot part. Guidebooks, histories and maps are excellent, English is universal, and it is easy to get about.

If I were going for the first time, I should begin at the Cyprus Museum in Nicosia and return there before leaving. Starting there will give perspective and a sense of continuity to visiting the sites. The museum has some stunning pieces, such as the gold and enamel sceptre head from Kourion of around 1100 BC with two falcons perched on the orb of the sceptre. There is a clear presentation of all the archaeology and of the interplay of local and foreign elements, and the latest finds are put on show regularly.

Two of the early villages, Khirokitia and Kalavasos-Tenta, are just off the Nicosia-Limassol road. They are of the earliest Neolithic period, after the appearance of agriculture but before the use of pottery, and mark the start of settled life in Cyprus. The museum has stone bowls and figurines from Khirokitia and a wall-painting in red ochre from Tenta — an extraordinary find for being so early — of a person with arms up, presumably in prayer.

At both villages, excavation has continued this past summer. Both have round houses of stone or mud-brick, with central pillars, packed tightly together. It is easy to imagine them as a development from huts. Both villages are on hills and are walled, for defence, and both are by rivers, for water. The hill at Khirokitia is steep — wear sensible shoes — but it is worth the climb.

For the early phases of the Bronze Age (2500-1600 BC) it is curious that almost all we know is from tombs. The settlements have yet to be dug and, without them, our view is incomplete. So often in settlements we find only sherds: the better the housekeeping, the less for us today. The tombs, however, provide whole vases, which we can date from the sherds in the settlements. The Early Bronze red polished pottery from the tombs is lively and humorous, and does not suggest insecurity at all. There are models of ploughing and worship in front of plank-idols (which must have been like totem poles), and vases shaped like birds and animals.

The models are something for young children in the Cyprus Museum, as is the underground room with reconstructions of tombs across the centuries, and the large case with hundreds of terracotta soldiers of the 7th-6th centuries BC from the sanctuary of a god of fertility and war. They are at attention, looking you in the eye, bearded, and a formidable parade.

The best monuments for children are Kolossi Castle, 15th century, near Limassol, and the stadium at Kourion not far away. At Paphos, take them to mosaics and to the castle at Saranda Kolonnes (Forty Columns), which overlooks the harbour and was built about 1200, soon after the Crusaders occupied Cyprus. Richard I took the island in 1191, and the following year it passed to Gregory of Lusignan for a consideration. Children also will enjoy the so-called "Tombs of the Kings" at Paphos: large underground columned tombs that have been cut in the rock and given halls, courts and passages.

The most exciting work of recent years has been in the Late Bronze Age (1600-1050 BC), which was the first time of real prosperity in Cyprus. Copper and pottery were exported, and Syro-Palestinian and Egyptian luxuries were imported along with Mycenaean and Minoan pottery. Copper was a staple of the Bronze Age, and the trade must have been considerable. Many tombs of the 14th and 13th centuries BC are very richly furnished. One found last summer had 15 oz of gold jewellery. One of the occupants, a woman of 20, wore five pairs of earrings and two silver toe rings.

There are grand Late Bronze Age temples at Kition (in Larnaca) and at Kouklia, near Paphos, and there is much to see in the Cyprus Museum and the regional museums.

Admiral who was determined to win

BY JULIAN AMERY

Mountbatten
by Philip Ziegler, Collins £15.00, pages

Ziegler's *Mountbatten* is the "official" Life but no hagiography. He puts the casa for and against his "bero" with almost judicial impartiality. He is equally fair in bis analysis of Mountbatten's qualities and defects. He was clearly put off by the obsessive almost childish vanity of the public man yet charmed by the frank and sometimes even humble character of the private man. The more he studied Mountbatten the more he seemed to like him and yet the less to admire him.

Mountbatten had a fine presence. He was a doer rather than a thinker, learning from people rather than books. No man was less the gifted amateur so widely admired by the British. He had a professional, Germanic, determination to win whether on naval manoeuvres or on the polo field.

His Royal connections opened every door. Like Jellicoe and Beatty he married money. Edwina's wealth (£500,000 a year of our present money) and her flair soon made the young naval officer a significant figure.

Their marriage proved a bad love-match *but* an enduring partnership. Edwina was passionate and wildly unfaithful, though jealous even of her daughters. Mountbatten enjoyed and at times depended on feminine company but,

> "if asked to choose between seduction by the most desirable of houris and a conversation about service matters with a person of influence he would unfailingly have chosen the latter."

Nevertheless Edwina encouraged his ambitions and corrected his weaknesses. She widened his horizons, extending his friendships to the political, journalistic and theatrical world. She also influenced him with her own "left wing" prejudices. Mountbatten was no ideologue but, despite a princely lifestyle, he leaned strongly to Socialism and "progressive" and "internationalist" causes. It is amusing to think that Nehru, of all people, thought his *wish* to involve the United Nations in Kashmir rather naiva.

War gives young men their chance. Zeigler doubts, however, whether Mountbatten had the makings of a great naval commander. He seems to have lacked that mysterious "sea sense" held to be the hallmark of the great admirals. Two ships were sunk under him. The Admiralty was critical. The public, however, was stirred by Noël Coward's film *In Which We Serve* in essence about Mountbatten as captain of HMS Kelly.

Churchill had appointed Roger Keyes a hero of World War I to set up a *Combined* Operations Staff to plan amphibious operations. But the old sea dog quarrelled with the Chiefs of Staff. Mountbatten took his place as a more acceptable junior.

Combined Operations had limited success and Churchill was critical of Mountbatten's role in the raid on Dieppe. But the job made him, aged 43, virtually one of the Chiefs of Staff. At the Quebec conference it was decided to appoint a Supreme Allied Commander to recover South East Asia in what must be essentially an amphibious operation. Mountbatten seemed the natural choice.

His ability as a military commander was never really tested. Hiroshima came too soon. But with Japan's surrender the Supreme Allied Commander became virtually Viceroy of all South-East Asia.

Edwina's Left-wing prejudices, American anti-Colonialism, and the practical problems of administering the liberated territories led Mountbatten to sympathise and co-operate with the local Resistance leaders. Most of them had backed the Japanese against their former colonial masters and many had developed Communist affiliations. Mountbatten backed the Left wing in Malaya. He urged the French to negotiate with the Vietminh and the Dutch with Soekarno. In Burma he sided with Aung San, who had collaborated with the Japanese, and backed him against the Governor, Dorman-Smith. By then there was a Labour Government in Britain. Mountbatten won the battle and Dorman-Smith was recalled.

Back in London Mountbatten found the Attlee Government agonising over India. Wavell, then Viceroy, saw only one alternative to a scuttle. This was to reinforce India with four or five divisions and govern for 15 years or more until a new and hopefully more co-operative generation of Hindu and Moslem leaders had arisen. The *Government* refused to reinforce yet hoped to keep India united. They determined on a new initiative and a new man.

Mountbatten accepted the Viceroyalty on condition that he could name a definite date for total British withdrawal. This, *though he seems* not to have realised it, destroyed any hope of preserving Indian unity. Jinnah had only to say "no" to any proposal short of an independent Pakistan to have his way. The Congress leaders could hardly beg the British to stay. From the moment be landed in Delhi partition became inevitable.

Jinnah was a hard-headed realist, very Westernised and with little use for "progressive" ideologies. Though the unchallenged leader of the Moslems be drank whisky in public and proposed to give an official lunch in Mountbatten's honour forgetting that the fast of Ramadam bad already started!

A deal with Jinnab was the key to retaining any semblance of unity in the sub-continent. Sadly he and Mountbatten never bit it off. By contrast Nehru's idealistic and "progressive" cast of mind appealed strongly.

When Jinnah decided to be Pakistan's first Governor General, Nehru saw his opportunity. By agreeing to remain in the Commonwealth he persuaded Mountbatten to become India's first Governor General, reckoning that this would ensure that India got an ample share in the division of the spoils. Mountbatten and Nehru worked well together and their partnership was reinforced by the love affair — "mostly spiritual" so Edwina confessed to her husband—which developed between her and Nehru.

Churchill, never forgave Mountbatten for lending his personal prestige and that of the Royal Family to what he regarded as the abandonment of Britain's responsibilities—not least towards the Indian Princes—and the betrayal of her interests. The subsequent history of the sub-continent may be said to confirm this view. Mountbatten's defenders, however, could also argue that any attempt to prolong the Raj might have made India Britain's Vietnam or Algeria.

Mountbatten: "a doer rather than a thinker"; the official biography is reviewed today

Mountbatten returned to the Navy and in due course became First Sea Lord, the post from which his father had been driven by public clamour in 1914.

When the Suez crisis broke he was opposed to any military intervention not so much on strategic as on political and moral grounds. He could not get out of his mind how Nehru and other friends in South East Asia would react. He tried to mobilise the Chiefs of Staff against the operation though Templar thought him "yellow." He considered resigning, told Eden what he thought but was persuaded that it was his duty to carry on. Had his heart been in it could the fatally slow operation have been speeded up and brought to a more successful conclusion?

Montbatten's last official appointment was Chief of the Defence Staff, in those days still a rather shadowy post. His temperament and ambition led him to propose the amalgamation of the three Service Departments into a single Ministry of Defence and the subordination of the Chiefs of Staff to himself. It was an uphill fight but he won "on points." Only history will show whether the imposition of this rather Germanic—OKW—concept, now completed by the present Secretary of Defence, will prove suited to Britain's needs and *temperament*.

The CND have claimed Mountbatten almost as a patron saint because of a speech he made at *Strasbourg* shortly before his death. Ziegler suggests that he was originally opposed to an independent British deterrent. Yet it was Mountbatten who persuaded Harold Wilson, in 1964, to go back on his election pledge to cancel Polaris.

In retirement some saw him as a potential saviour of Britain—a kind of British de Gaulle. But he would have nothing to do with Cecil King's suggestion that he should take over by a kind of coup d'etat. Mostly he devoted himself to good causes but was also much concerned with distancing the Crown from the old establishment and trying to place it on a more popular—Daily Mirror-type—footing. He was lavish with his advice on this score to our own and other Royal *families. His* death *at sea*, at the hands of the Queen's enemies, was a Wagnerian end to a meteoric career.

Ziegler concludes that Mountbatten was "a great man." This is a big claim in an age of outstanding political and military leaders — Churchill, de Gaulle, Smuts, Wavell, Montgomery, MacArthur. But he was undoubtedly a great national figure. By his panache and stature he lent a certain dignity to the dissolution of the British Empire. He also helped to promote it.

Why Dalton failed to reach the top

BY MALCOLM RUTHERFORD

Hugh Dalton
by Ben Pimlott. Jonathan Capa, £25.00. 752 pages

Be warned: this masterly, exhaustive biography of Hugh Dalton, which should be required reading for anyone seriously interested in the history of the British Labour Party and indeed in British social and political history for much of this century, is also an extremely painful book.

It is not so much that Ben Pimlott has determined to expose his subject warts and all. It is, *at times, as if there* were only warts or, as Pimlott puts it towards the end, boils, carbuncles, septicaemia, and finally chronic constipation.

Dalton was born with a silver spoon bearing the royal imprint in his mouth. His father, Canon Dalton, was the tutor to the royal princes at Windsor and a life-long confidant of King George V. But it was neither a happy childhood, nor—most of the time—a happy life. He disliked his younger sister, Georgie, he did not much like his mother and be had no great interest in his father. Clearly he did not take to royalty either: he seems to have sold off any royal silver that was given to *him*—something which may have led King George VI to advise Attlee not to make him Foreign Secretary after the Second World War. "There is really only one of your people that I cannot abide," the King told Gaitskell later. It was not Bevan—"I can manage him"— it was Dalton.

The upbringing was conventional for the class: Summer Fields, Eton and King's College, Cambridge. Yet at each stage something went wrong. Dalton never managed the scholarship to Eton and was not elected to Pop. At Cambridge he did not belong to the Apostles, missed his first and failed to become Secretary or President of the Union, not for want to trying.

Much of bis early history, and perhaps subsequent, is of unrequited admiration, possibly in some cases love. He fell madly for Rupert Brooke on his first day at the University. When Dalton went down he destroyed all his own papers, but kept every message from Brooke. The poet did not feel the same way.

Dalton admired Keynes, but again it was *unreciprocated*. Keynes thought of him as essentially second division: something which was to show years later when Keynes was advising the Treasury and Dalton was Chancellor. Dalton had a similar admiration for Churchill, the politician whom after Arthur Henderson be most respected, but it was not returned.

There is also the curious story of his marriage, told here in almost excruciating detail though, the author implies, without fully understanding it. His wife, Ruth, was an austere Fabian from a troubled background rather than a libertarian one. They had a child, Helen, who was mysteriously dumped in boarding establishments to be looked after. She died before she was four. Ruth said that life was never the same again, and certainly it was a strange marital relationship. His wife left him during the war. They met at a funeral in Brompton Oratory during the separation. "I made a little sign, as I went out," Hugh *wrote* in his diary, "but she turned away." After the war she came back to live at No 11 Downing Street, but she was still distant in her attitude to him. She described Hugh's own funeral as "like a French farce."

Pimlott spares us nothing: neither the irascibility, the frustration nor the opportunism of the man. At one stage he is seen arriving at a meeting "his eyes blazing with insincerity." Dining in the House of Commons, he shouts at a Tory MP: "What's that suburbanite looking at me for? Come on, let's show him how we in the Labour Party behave!" Dalton started to shovel peas into his mouth with his knife. Beatrice Webb thought that he bad something of the Vicar of Bray about him. He began as a Tory Democrat and might well have been a Liberal had not the Party gone into decline. People wondered whether bis egalitarianism was born more of a desire to hurt the rich than to help the poor. From none of these judgments does Pimlott wholly dissent.

Dalton was persistently rude to most civil servants, many of whom, he said, wished to be regarded as "civil masters." It is doubtful whether he was ever forgiven for the arrogant way in which he behaved at the Foreign Office as a junior minister in 1930. But his biggest political error of all was to underrate Attlee. When Dalton made his famous slip of leaking some of the contents of the Budget to a journalist five or so minutes before making his speech, the Prime Minister had no hesitation in accepting bis resignation, even though the punishment hardly fitted the offence. Pimlott argues that Attlee no longer wanted him at the Treasury and simply took advantage of the lapse.

Yet, for all his faults, Dalton was a great man and one of the key figures in the development of the Labour Party. Pimlott establishes beyond doubt his role in restoring some backbone to the Party after the debacle of 1931, despite being out of Parliament between 1931-35. (If he had been in, of course, Attlee may never have become leader.) He helped to bring about the wartime coalition by insisting that the Party should back rearmament. And, as Chancellor, he was strong in two particular *areas; the relocation* of industry and the redistribution of wealth. Dalton took the latter much more seriously—*almost as a duty*—than have most Labour Ministers before or since. Indeed towards the end of his term be was regarded as a hero of the left while Sir Stafford Cripps, once expelled from the Labour Party, was admired on the right and in the City.

There is one further point much in Dalton's favour: his determination to bring on the young. The early careers of Gaitskell, Wilson, Callaghan, Crosland all owe something to him, even though he was later to have doubts about the way Gaitskell was going. He had, Dalton noted, "a greater readiness to attack the Left than to criticise the Tories . . . I am a little chilled by his excess of responsibility."

Possibly it all went back to those pre-first world war days at Cambridge when his generation seemed set to take over. Then came the war. *The Dalton Diaries* are to be published later this year. Despite Pimlott's study, one is already eager for more.

Hugh Dalton leaving Downing Street before the famous budget leak

Poet on the frontier of passion

BY GEORGE WATSON

Auden in Love
by Dorothy J. Farnan, Faber & Faber, £9.95, 253 pages

Something odd has just happened. An indulgent stepmother bas written the story of her boy's love for an older poet of the same sex, and at his father's instigation. The poet was W. H. Auden.

Auden died in a Vienna hotel in 1973, alone. He was 66, and his body was discovered next morning by Chester Kallman, his companion for 34 years who was to die in the following year. They had met in April 1939, only weeks after Auden settled in New York. It was to be the first love of Auden's life, and the last. A dentist's son, Kallman was an 18-year-old Jewish student at Brooklyn College, blond and actor-like: an awkward angel, Auden called him, seeing their love in Wagnerian terms as Siegfried and Siegelinde.

Miss Farnan is a retired schoolteacher from the Midwest, and she can be a bit shaky, in her opening pages, about the social detail of Auden's English youth. But once the story lands in New York she tells all, including her own height and weight, though she is occasionally discreet enough to invent a name. The book is garrulously cheerful, but makes it sound sad to be gay. Auden and Kallman shared a lifelong passion for opera, but only two years of love; so that from 1941 Auden was deserted and often desolately lonely, in Michigan and Manhattan, living a self-imposed monastic existence in which (an early riser and setter) he wrote strenuously from six till noon. Kallman is affectionately represented here by his stepmother as charming, feckless, bisexual and witty, but his reported quips look unfunny in sober print, and the best joke in the book is at once unintentional and highly apt: "Chester went to Athens for the winter of 1963, and it was there he fell in love again for the first time in his life."

By then he had convinced Auden, though no one else, that he was a talented poet: in fact *his famous friend kept him till* the age of 30 on the express condition that he did not publish till then convinced as he was that his own early publication had been a mistake. When he met Stravinsky in 1947, Auden persuaded the composer against his better judgment to let Kallman share in writing the libretto of *The Rake's Progress*, and the two later collaborated on Mozart and Brecht, Kallman continuing as an ex-lover to take what money he could cadge from Auden for the rest of his life. Miss Farnan evidently wants us to like her boy, even to feel sorry for him. Nice of her . . . The trouble is she only *succeeds* in persuading us that Chester had more luck than he deserved, and that he squandered that luck on a series of lovers less notable still. That he should have given away Auden's beloved home at Kirchstetten, *in Austria*, for an annuity that was never paid seems the last straw, though the story is told here as if it were nothing worse than surprising.

The book is not all wasted. There are unpublished Auden letters and poems; there are reported conversations of his intimates; and there is the long, slow story of his later life in Ischia and Oxford down to the final, aching gin-and-benzedrine days in the Vienna where he died alone. He was in love all right, as his letters show, and not "again" but for the first and last time in his life. But he had to pay dear for everything, even that. For a man at once careful and generous with money, religious of conviction and regular of *habit*, and with a fierce sense of the sheer liturgy of daily life, a feckless ex-lover who conferred only intermittent and *platonic companionship* must have been easily worse than nothing.

> Will it alter my life altogether?
> O tell me the truth about love?

he had written a year before he met Kallman. Kallman told him all right.

Miss Farnan tells this chilling story in the style of a long, cosy letter from an Irish relative and in a manner reminiscent of a chat overhead on a bus, with plenty of "he said" and "she said," as one more aware of its pathos than of its horror. Her book will add nothing to Auden's reputation as a poet or as a sage; and subtract as little, since it touches it only at familiar points. But it suggests that the new sexual tolerances of our age, *welcome in sum* as they are, threaten to engulf us in revelations about the famous that condense tragedies into tea-cups, and murmur trivial consolations over the doomed.

Genesis of a wizard

BY ALANNAH HOPKIN

The Quest For Merlin
by Nikolai Tolstoy. Hamish Hamilton. £12.95. 322 pages

Tolstoy informs us at the outset that his researches have led him to believe that Merlin was:

> An historical figure, living in what are now the Lowlands of Scotland at the end of the sixth century AD . . . that he was an authentic prophet, most likely a druid surviving in a *pagan enclave* . . .

This may seem a far cry from the genial sorcerer of Malory's *Morte Darthur* or the mystic Merlin of Spenser's *Faerie Queene*. There is, however, a consistency in Merlin's literary incarnations. John Cowper Powys is credited with producing the most authentic Merlin in his 1951 novel, *Porius: A Romance of the Dark Ages*. Tolstoy, surprisingly, suggests that the Merlin most familiar to readers nowadays is to be found under another name altogether: the wizard Gandalf of J. R. R. Tolkien's *Lord of the Rings*, who is based closely on the Merlin of early legend. Oddly he does not mention the Merlin in Charles Williams's poems, *Taliessin Through Logres*.

The early sources investigated here are as often literary as historical, and the distinction is always carefully made. Much of our knowledge of ancient Britain derives from fragments of heroic poetry and other early literature. Tolstoy's research involves a mass of detail and is painstakingly presented. For example, where did Geoffrey of Monmouth, writing in about the year 1150, get the material for his *Life of Merlin*? How significant are the similarities between his "Merlin" and the "Myrddin" of *The Book of Taliesin*? The Book of Taliesin was compiled in about the year 1275, but a nucleus of poems in it were, on modern philological evidence, composed in the sixth century. Could Geoffrey of Monmouth have had access to some version of these?

Such considerations are only the beginnings of a study which involves discussions of shamanism, druidism, the riddle of Stonehenge, the nature of literature, of the unconscious and much, much more. There are over 60 pages of learned chapter notes. It would all be extremely difficult to digest were it *not* for the author's contagious enthusiasm for his subject, and constant reminders that he believes the Merlin legend is no mere incidental *literary* embroidery of historical fact, but an important myth in its own right.

Tolstoy's early definition of myth is unmistakably Jungian: "A myth is a traditional story explanatory of achetypal truths. . . ." The lengthy final chapter pulls all the threads together in a deeply illuminating analysis of Merlin's story (both in history and in literature) as "simultaneously the biography of a remarkable individual, *and* the enactment of a myth."

The sheer intellectual excitement of this final chapter is more than enough repayment for the occasional *longueurs*.

Sporting life

ALAN FORREST

Pardon Me for Living
by Geoffrey Green. George Allen and Unwin. £9.85. 207 pages

Geoffrey Green's ruling passions *have* been *football*, cricket, tennis, jazz and women, not necessarily in that order, and a man like that, as W. C. Fields said in *an entirely different* context, can't be all bad. Mr Green manages to get them all into a bouncing autobiography crowning 40 years of writing for The Times, and as the doyen of soccer correspondents, casts some ripe plums for sports enthusiasts to chew over for some time.

But all that comes in the later part of the book. The first part is not bad, either. For a middle-class lad born in 1911 he has a lot to report—boyhood in India in a snake-infested house, public schooldays at Shrewsbury, withdrawal from Cambridge when dad lost all his money in the Wall Street crash, a duck at Lord's playing for the Young *Amateurs* against the Young Professionals, a reputation as the best centre-half in England until injury caused him to abandon *soccer*, and a couple of terms teaching at a prep school at which he was only slightly more successful *than* Evelyn Waugh.

After all that you would think that The Times would be a pretty plain sailing. It hasn't been too bad and has produced this gem of a book in which a witty and wise sports writer reflects on half a century of seeing all the great footballers and most of the great games. He is lyrical about Ferenc Puska's ace Hungarian team of the 1950s and Busby's Manchester United (he missed the Munich air crash by a stroke of luck).

He is *splendid* on that golden age of English football just after the war. Who was the greater of those two great wingers? Matthews "born in the Potteries with the delicate look of Wedgwood china" or Finney, "the Preston plumber"? Well, Green says, Matthews was sheer magic with the ball, but Finney scored more goals—30—for England from the wing. And he confuses the issue even more by speculating whether George Best in his high noon wasn't better than both of them.

So here is a feast for discerning soccer fans. Mr Green also writes with warmth about two of his off-the-field heroes, Neville Cardus and Bernard Darwin. He wasn't quite in their class as a poet of the playing fields, but he has a place in that small group of journalists over the past half century who have occasionally turned sports reporting into something approaching literature.

Canadian chorus

By W. L. LUETKENS

The New Oxford Book of Canadian Verse in English chosen and with an introduction by Margaret Atwood. Oxford University Press Toronto. £9.50. 477 pages

At the end of last year this page gave a somewhat reserved welcome to *The Penguin Book of Canadian Verse*, not because the writing was poor, but rather because the editor did not quite make out his case for the peculiarly Canadian character of the poems. Now along comes another collection edited by, perhaps, the finest of Canadian writers. Ms Atwood, too, thinks of Canadian verse as something apart from English or American poetry: it is "spiky, tough, flexible, various." Above all, it is "its own," in other words not an inferior echo of writers elsewhere.

Even if one demurs, *there is* no denying the quality of much of the collection, with its great emphasis on the verse of the young and the very young. A. J. M. Smith (1902-1980) in *The Lonely Land* matches the sparseness of a landscape painted by a member of the Group of Seven. Above all the poetry of Ms Atwood herself gives intense pleasure. Nobody need stop to consider whether she is Canadian or not: she writes fine English verse.

In spite of the doubts which it engenders, a word of thanks is due to Canadian cultural nationalism. But for the help of the semi-official Canada Council and two other Canadian organisations it would have been quite impossible to set so handsome a volume before us at so reasonable a price.

HOW TO SPEND IT

by Lucia van der Post

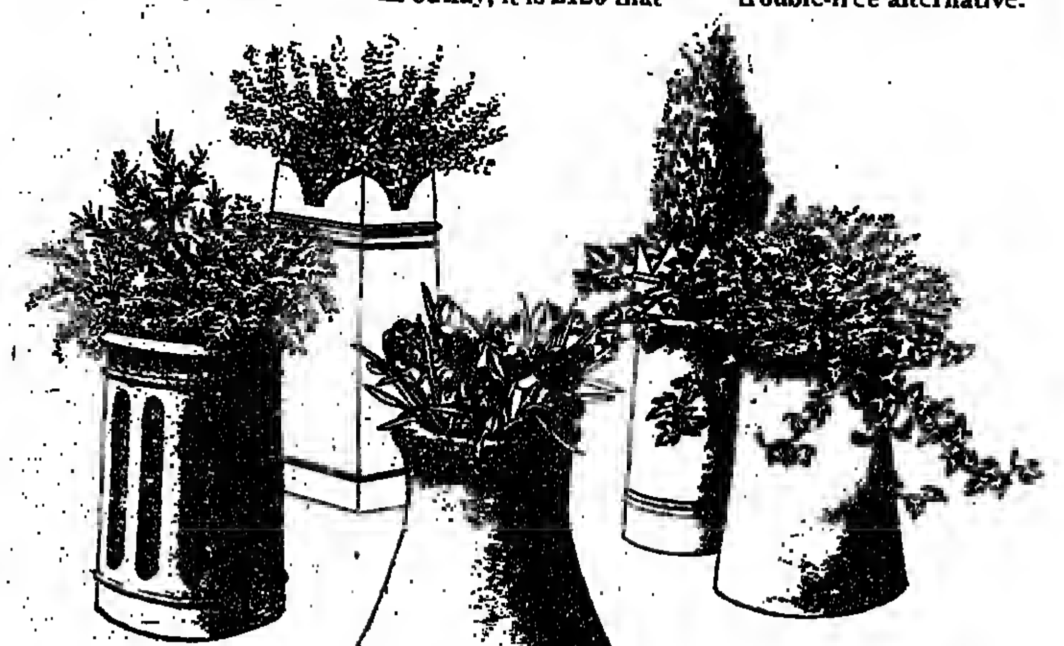
Never say die

IF YOU'VE always mourned the fact that your fingers were anything but green and that far from looking like a verdant conservatory your house looked more like a hospital for ailing plants, then take heart. Today it is possible to buy artificial plants that are so extraordinarily well-made, in such a wide range of suble colourings and textures as to make the boundaries between real and false seem bewilderingly confused.

We British, it seems, have been slow to take to the charms of fine silk and cotton flora. In Germany, France and Italy many of the grandest hotels (and you can't get much grander than the George V and the Ritz) and houses have long recognised that in our dark Northern winters, in rooms with too little light, the options were either to spend large sums of money continuously on fresh flowers or, to back up a few fresh plants and flowers with some of the increasingly skilful artificial versions around.

Nobody will be surprised to hear that the most realistic, the most subtle of the blooms and foliage nearly all come from the workshops of China, Taiwan and Hong Kong. Prices of these plants may at first seem high but though £120 for instance, for a large green palm, may seem quite an outlay, it is £120 that won't die on you. It'll still be there in 10 years' time. Neither time nor greenfly will wither it, holidays may proceed without the need for plant-sitters, the scatty can relax and forget about watering-cans and the asthmatic can stop their sneezes.

Purists who will have nothing to do with anything fake can afford to turn up their noses if they are either rich enough to go on buying enough fresh plants and flowers or green-fingered enough to keep everything they touch blooming. For the rest of us, some of these astonishingly decorative artificial plants and flowers offer a trouble-free alternative.



A sketch of chimney pots used as plant containers taken from The Window Box Book

Clare Brooks

Some of Countess Hochbergs' amazing artificial house plants

WHEN IT comes to artificial flowers, foreigners it seems, have a distinct lead in the matter. Both Countess Beatrice Hochberg and Michelle Sigg came to the business of artifical flowers because they had seen what could be done abroad and found what seemed to them an astonishing apathy in the matter when they came to this country.

Countess Beatrice Hochberg first started up her business providing extremely fine fake plants of all sorts when she lived in Germany. There the idea evokes neither hilarity nor revulsion but here convincing the public that they had a role to play was not easy.

Anybody who is still unconvinced should go along to the Countess' shop The Flower and Plant House at 21, Clonmel Road, London S.W.6, where everything from single silk flowers to what looks for all the world like a flourishing cherry tree in blossom can be bought.

The Countess' flowers are made mainly from silk or cotton, all are easy to keep clean (simply use a damp cloth if they seem really dusty or use a bair drier to blow the dust off. She also has polyester blooms which can ho washed properly. Many of her plants she buys abroad from France, Spain or Germany but some are made to her own special orders and are exclusive to her.

She offers almost everything you can imagine from individual silk flowers (if mixed with real greenery they look wooderful) to versions of all the common houseplants from a small bamboo at about £5 to a giant Ficus Benjamininum at about £210. In between there ara flowering hydrangeas (like the one sketched above), pink or white oleanders and apricot-coloured hibiscus.

She will make up a collection of flowers to suit your own rooms and, if you wish, arrange them for you too.

Michelle Sigg, who owns and runs Oasis Artificial Flora at 194/196 Walton Street, London, S.W.3, started by supplying offices, restaurants (see her plants in the deliciously pretty Waltons restaurant in Walton Street) hotels and banks but has since found that there is a big domestic market.

Her plants are made of polyester or polyester and silk and she also does a nice line in plants for outdoors for which she uses plastic. If you had, for instance, a windowsill that was difficult to reach or water, she could fill a windowbox which would last through all the dark days of winter and beyond.

You could take along your own pots to be filled, or else she will provide the plants in a suitable container. If you have a real live indoor flowering tree that has lost some vital foliage she can add almost identical, lifelike leaves or flowers to the bark so as to rejuvenate it.

If you have always wanted a wistaria up the side of your house but think maybe you would not live there long enough to see a real one grow, then Michelle Sigg will supply you with one that neither wilts nor fades, that needs no pruning and sheds no leaves.

Her prices, though initially rather alarming, are extraordinarily reasonable when you think of them in terms of plant years — whereas the charm of real flowers is their very transience, for their imitators the reverse is true — it is in their permanence that their value lies.

THOUGH artificial flowers, it seems to me, have a role to play, that role will never I hope be to replace their living models. Real flowers may wilt and fade but the fact that they are alive gives them a magic that no mere copy can ever capture.

For those who don't own ancestral acres on which to cultivate their own armfuls of plants and flowers, the window box, the patio and the small front yard can yield surprising joys. Two splendid books have just been published which would inspire even the least green-fingered to have a go at achieving something of the delights shown within their covers.

Window Gardens by Lizzie Boyd (published by Pelham Books, £9.95) is perhaps the most inspirational, largely because it has the most ravishing photographs. Who would not be moved to attempt to recreate the even row of simple terracotta pots, each one sprouting a healthy, bushy green herb, photographed on a Mediterranean terrace just ready to add its scented magic to the kitchen?

Who would not long to raise such a showing of daffodils in the spring, or bedeck an elegant town house with such a restrained use of many shades of green and white, or emulate the riotous hanging baskets that bedeck one of the balconies in the book?

From the way colours and plants have been juxtaposed, the way the window boxes, plant containers and hanging baskets are deployed, much insight is to be gained into the best use to be made of such small spaces as most city houses offer. And when you are finally so inspired that you want to get up and do something about it you turn to the practical section at the back where the nitty gritty is laid out — how to fill your window boxes, how to support the climbing plants, how to maintain and water, to feed and prune, what plants to choose and what tools to use.

Diana Stewart's book, *The Window Box Book* (published by Century Publishing at £7.95) is less ravishingly beautiful, but is pretty, charming and full of very practical advice.

Written in a winningly clear and concise style, I feel Diana Stewart has planted out all those plants, grappled with frost and too little space, with bulbs that refuse to bloom and with all the mysterious ills that plants are heir to. She understands, too, that sometimes it is instant colour one is looking for (and tells you how to get), at other times it is a more long-term project one has in mind.

The Scented Box, The All-Season Box, The Special Colour Box, The Herb Box, are just some of the special subjects she goes into in detail, in each case almost leading you by the hand to achieve the desired effect.

She has a splendidly pragmatic approach to containers believing as I do that you don't just have to buy things labelled "window-box" or "garden tub" to make a garden. She believes in using many of the things you may already have to hand—like old terracotta pots, half barrels, coal scuttles, watering-cans and even old chimney pots.

Not too many of us, though, have a collection of antique chimney pots standing by and yet they are undoubtedly an enduringly pleasing example of our architectural heritage. From time to time readers write to ask me where they can be bought and besides some of the specialist dealers in architectural demolition pieces Susan Bennett and Earl Hyde of North London have a collection of some 300 antique chimney pots in their back garden. They are really collectors of north-country chimney pots but have some duplicates which they sell. Most are salt-glazed, some are huff clay, a few are terracotta but all are traditional shapes and some have wonderful names like Lady Broughton, Beehive or Lancashire Bishop. They tend to find their garden over-run with eager buyers so prefer it if enthusiasts telephone them first on 01-883 8540 to organise a visit.

pots in their back garden. Most

Prices range from £22 to £60 and, as you can see from the drawing above, taken from Diana Stewart's book, they do make exceptionally attractive containers for plants of many kinds.

RIGHT

ONE of the chicest plant sprays around — a dark matt black version with a bright green or yellow head, from Astrohome of 47/49 Neal Street, London WC2. The spray holds about 1½ pints of water, is made from Polyethelene and costs £2.50 (p+p 50p).

Drawings by Clare Brooks

Clare Brooks

FINE plants deserve fine containers. Currently the Neal Street East Shop at 5 Neal Street, London WC2, has a varied and colourful selection of containers — some are so decorative in themselves the plants are almost superfluous, others provide a shapely but plainer contrast to the colourful foliage.

Sketched above from left to right — a plain white porcelain container, with a saucer, that comes in several sizes. The version here is 5 in high and has a diameter of 6 in, £10.50. Marvellous deep rich speckled blue container, again in several sizes, the one shown is 8 in high and 13 in broad, £17.50.

Small (4 in high) fine blue and white Japanese porcelain cache-pot, £19.95. Green stoneware Japanese container, 4½ in high, 8 in diameter, £16.60. One of a series of white enamel pots, brightly decorated in red and green and blue, £4.75 in the size 5½ in high, 8 in diameter.

Anybody interested in mail order enquiries (the heavier pots are, alas, too cumbersome to send) should telephone the shop on 01-240 0136.

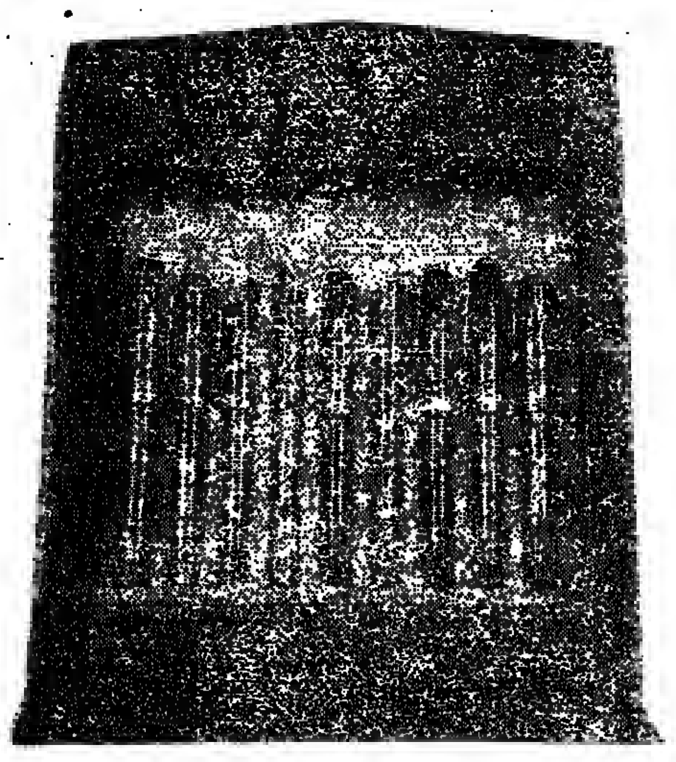
Knit your own cashmere

Following my piece on how the design of cashmere knitwear has been transformed in recent years Cashmere and Wools of St Germains, Longniddry, Scotland has written to tell me that they sell 100 per cent cashmere (and, incidentally, also 100 per cent lambswool) yarns in a myriad of different colours for those who like to knit their own sweaters.

For the moment the company's market focuses on home knitters who knit in large quantities for commercial ends which means that the wool is usually sold in large quantities—a minimum of 500 grams. The prices vary from £53 per 500 grams (£106 per kilo) to £80 per 500 grams (£160 per kilo) depending upon the colour. However, smaller quantities are available at special prices.

Wool is available in two, three and four ply and shortly the company hopes to offer the cashmere in small quantities—for instance in 25 gram and 50 gram balls to the bigger department stores. The lambswool is available at a standard price for all colours of £24.76 per kilo.

Anybody who is interested should send £1 and a large stamped addressed envelope to the company for details of the service.



Treasures of old

You could always, we are told, tell a lady (or a gentleman, come to that) by her accesories and if anything makes me long for the days of such rigorous standards it is a new shop in London's Drury Lane which is committed to selling nothing but the finest, most exquisitely hand-crafted of old or antique luggage, leather, pens and jewellery.

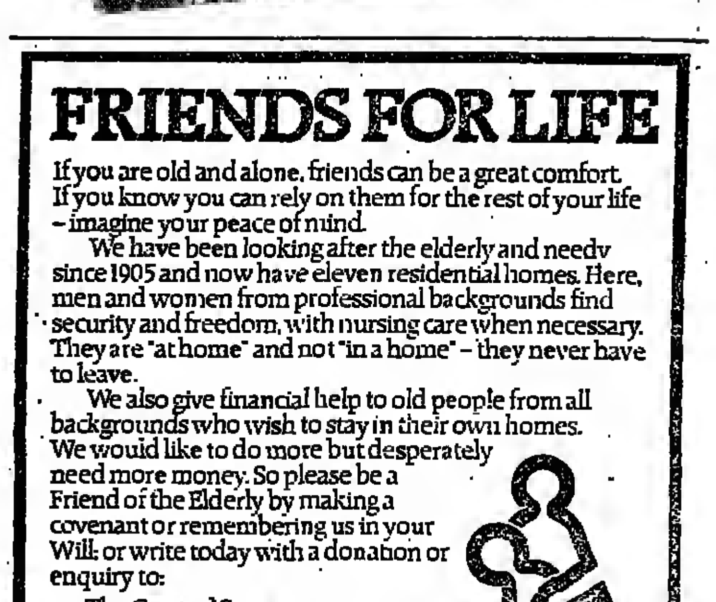
The shop itself has been designed to reflect its merchandise—old-fashioned mahogany cabinets with brass handles and sliding drawers have been adapted by a master woodworker to house the wares. Antique desks and mirrors and an empire sofa add to the atmosphere and those who wish to test a pen that they might want to buy will be sat at a leather-topped desk, given a proper blotter and silver-topped inkwells while they ponder the matter.

The fountain pens, of which there is a vast selection, range from the decorative Art Nouveau (many made by Watermans) to the irridiscent "Ripple" pens. There is much to choose from between £30 and £200 but for solid gold numbers prices can go on into the thousands.

A master of the penmaker's craft will always be in attendance and he will be happy to repair and service pens of all sorts, whether bought on the premises or not.

Look out, too, for the marvellous old-fashioned luggage —like the crocodile case made in the 1920s by Asprey photographed below. Made from crocodile the tray—fitted out with ivory and chagre topped brushes and bottles lifts out completely and folds up into a small vanity-case. It is one of the stars of the shop and sells for about £2,000 but there are plenty of less expensive items. There are lots of writing-cases, attache cases, scent bottles, inkwells and a selection of jewellery too.

Open six days a week from 10 am to 6 pm, Mansfield is at 30-35 Drury Lane, London WC2.



Back to basics

The inevitable swing of the pendulum is bringing the finely-tuned song back into favour. The present cult for musical revival, and the constant TV screening of old Rogers and Astaire films, has driven home even to a young audience that there is no reason why songs should not have discernable lyrics and a melody.

The best-selling song in the country just now is a contemporary standard from a musical that has still to be produced, *Chess*. The lyrics are by Tim Rice, the music by Benny and Bjorn of Abba; and, following in the steps of *Evita*, the record of the music has appeared before the stage show. Elaine Paige and Barbara Dickson have taken the big emotional ballad, "I know him so well," to the top.

But by far the most sophisticated and perfect evocation of the music of the thirties and forties is *Lush Life*, by Linda Ronstadt. A previous album, *What's New*, was a great commercial success, confirming that while Ms Ronstadt might not have the strongest, or best, voice in the world, she has an uncanny knack for choosing the right material. It used to be heart-searching country ballads or early rock songs; now, it is the songbooks of Rogers and Hart and the great writing teams of the past.

Listening to *Lush Life*, it could be Dinah Shore or Julie London crooning in the background. Everything is spot on, as it should be when Nelson Riddle and his Orchestra are providing the backing. The higher quality of the recording, and perhaps the stronger rhythms, are the only clues to the fact that it was laid down in Los Angeles last autumn. The songs can be unbearably plaintive—"I'm a fool to want you," "When your lover has gone" — but, to prevent the album declining into morbidity, there is an up-beat version of "Falling in love again" and "You took advantage of me." Somehow, the songs do not seem to relate to modern life — they have inevitably become period classics — but, for emotional mooning, the clean and clear voice of Ms Ronstadt is the ideal mouthpiece.

Site is just the dressing. It is the arrangements and the musicianship that set *Lush Life* apart—Tony Terran's trumpet solo on "Mean to me," the tenor sax of Plas Johnson in "When your lover has gone." It might be over-meticulous, like eating hand-made chocolates with rich and rare fillings, but you end up soulfully satiated rather than sick.

That we are dealing with a trend rather than an isolated inspiration is confirmed by a British runner in the field.

RECORDS

ANTONY THORNCROFT

Elkie Brooks's *Screen Gems* concentrates on songs from the golden age of Hollywood. Her voice has much more power and personality than Linda Ronstadt's but she does not have Nelson Riddle supplying the backings. A problem with the familiar standards is that it is so easy to switch off listening, relegating them to pleasant background furnishing. Elkie Brooks can just about hold the attention but some of the arrangements are like the BBC light orchestra on a good day.

Elaine Page also has looked to the cinema for the songs on her latest album, *Cinema*, but she has gone for more recent work: theme tunes that are the insidious reminders of nights at the movies. Many of the songs are facile in themselves, but Elaine Page is unrivalled in making an *omelette surprise* from a couple of doubtful eggs. Even one of the dreariest songs of all time, "Unchained melody," reveals well-hidden strengths. In fact, she brings some vivacity to material which you would never believe you could want to hear again—"The windmills of your mind," "Bright eyes" and more. And when she needs to build up the tension, and let fly with the dramatics, as on the beautiful "The rose," she is spot on.

Just Wilde about Oxford

BY MICHAEL COVENEY

Everyone who ever attended Oxford University has memories of the Drama Society, the famous OUDS, which this week has celebrated its centenary with a production in the Playhouse of Wycherley's *The Country Wife*, and publication by the Oxford University Press of Humphrey Carpenter's lucid and entertaining *OUDS* (£12.95, 277 pages).

The society's first production in May 1885 was *Henry IV, Part One*, a rarity at the time. Vice-Chancellor Jowett had approved the OUDS on condition that only Shakespeare was played and that women's roles were taken by amateur actresses. Arthur Bourchier was Hotspur; his performance was acclaimed by Clement Scott. Oscar Wilde applauded the actors' ardour and gladness and continued: "Why should not degrees be granted for good acting? Are they not given to those who misunderstand Plato and who mistranslate Aristotle?"

Right from the start the pattern of OUDS was defined: national Press attention, undergraduate performers preparing to enter the professional theatre, a predilection for classics (often rare), a slow acknowledgement of women (undergraduettes were not admitted as performing members until 1947), the drama department debate.

The first woman president was Diana Quick in 1968 and the 1985 president-elect, Katie Mitchell of Magdelen, is looking forward to meeting her illustrious predecessor at tonight's final gala performance of *The Country Wife* on which Ms Mitchell has been assistant director to Richard Williams. Mr Williams is the resident professional artistic director at the Playhouse: thus another key OUDS tradition, of students undergoing a "learning process" with an experienced band is reinforced.

My own OUDS career began with a performance as an unscrupulous journalist in John Osborne's *Under Plain Cover* in the one-act "Cuppers" competition. David Marks, Diana Quick's predecessor as president, commended this truly embarrassing performance with especial reference to my interpretation of Osborne's final stage direction for the character, who is required to fall down drunk and "possibly dead."

This incident is mercifully unrecorded by Humphrey, whom I met shortly afterwards when he burst into my college, Worcester, as a demonically eccentric musical director on a revival of *Salad Days*. Our choreographer had thrown in the towel and, for reasons which I have never fathomed, I was drafted in as her replacement.

The show was a hit; and when the 1968 Michaelmas term pantomime was being planned by its director, Gyles Brandreth, Diana, now president, insisted I provide the choreography. This I did, chiefly because of the appeal of supervising the movements of two dozen female elves and fairies with approximately 15 of whom I was totally besotted. The music was written by the distinguished composer Nigel Osborne, whose subsequent career has not always exploited his wonderful facility for tonal melody.

Diana herself had been a most remarkable Ophelia, directed by the professional David William, with Michael Wood as Horatio. Wood, currently in search of Troy on the box, was one of the three best male actors of my generation (I shall never forget his fevered Melchior in *Spring Awakening*, nor his grandiloquently sexy Oberon in a joint production with Cambridge students). The others were David Marks, now a barrister, and Jeremy Treglown, a memorable Bottom, who now edits the Times Literary Supplement.

This demonstrates that not all OUDS alumni were hellbent on a theatrical career. I spent far too much time chatting pretentiously in the Playhouse coffee bar, but the attraction of university dramatics really was that of a relatively unsupervised collective of wildly differing personalities jostling for position among themselves, growing up in public and in parallel to more private social and academic pursuits.

As Humphrey suggests, quoting Michael Billington, Oxford drama has never really had, at least in the post-war years, the intellectual and verse-speaking integrity of Cambridge. Both Frank and David William complain of amateurism and triviality; while the film and television director, Ken Loach, declares that much of his creative instinct is a reaction against the vanity and self-indulgence of Oxford theatre.

But it would be wrong to underestimate the contribution OUDS has made to the serious welfare of our stage. Playfairs' great rival was George Devine, founder of the English Stage Company. And the star post-war director, Tony Richardson along with another contemporary of his, William Gaskill, was at the centre of the Royal Court revolution. Neither illustrates what Jonathan Miller has called the Oxford "yum yum" approach to the stage.

John Gielgud directed his first Shakespeare for the OUDS. His 1932 *Romeo and Juliet* had a cast of Peggy Ashcroft, Edith Evans (both imported), Christopher Hassall, Hugh Hunt and Terence Rattigan as a third-act reveller. From the mid-1930s, Nevill Coghill was a guiding light, himself responsible for legendary outdoor productions, the acquisition by the University of the Playhouse in 1960, and the appearance there in 1965 of Richard Burton and Elizabeth Taylor in *Dr Faustus*.

Although the future of university drama in the Playhouse is insecure, the OUDS of today bristles with confidence and optimism. *The Country Wife* seems to me as good as any OUDS show of recent years, with really exceptional performances by Victoria Worsley as Margery, Tim Hudson as Pinchwife (his jealous rages and pallid twitchiness resuscitated memories of David Mark's Ford), and Miranda Lapworth as a deviously lustful Lady Fideet with more than a touch of Maggie Smith-style insouciance and timing.

The transformation of the pre-war male bastion gate-crashed by Emlyn Williams, a Welsh upstart with ambitions to join the liqueur-sipping grandees round the fender of the George Street headquarters, will be completed next term when Katie Mitchell introduces free membership and open meetings. For good measure, she will direct Brecht's *The Good Woman of Setzuan*. Dr Jowett must be spinning in his grave.

Dr Faustus: Nevill Coghill rehearses Richard Burton

Barnum/Victoria

BY MARTIN HOYLE

It comes as no surprise that two members of the cast were gymnasts at national level and a third represented the West of England at trampolining. The wonder is that those who trained simply as singers, actors or dancers turn their hand to juggling, acrobatics, stilt-walking and clowning. At various points in Peter Coe's production the stage is alive with high-wire performers, hand-standers and prestidigitators. This is the family show par excellence, put over with zest and energy, nowhere more zestful and energetic than in its star.

This is lucky, for *Barnum* is very much a one-man show. We are breathlessly whirled through a sketchy biography, from Barnum promoting the oldest woman in the world (160), as George Washington's nurse to his final partnership with Bailey, the genesis of the three-ring circus and the birth of the phrase "the greatest show on earth." We take in a highly dubious romance with Jenny Lind, the Swedish nightingale here seen as a chirruping Anita Ekberg; *Jumbo*, General Tom Thumb; Barnum's flirtation with politics; and the loyal support of his loving if disapproving wife.

The Cy Coleman / Michael Stewart songs are unmemorable despite the exhilerating marching number that opens the second half—and certainly the authors never succeed in writing another "There's no business like show business" though they audibly strain to do so. But Michael Crawford, returning with the production that ran so successfully at the London Palladium is tremendous. He hurls himself at the audience, juggles, walks the high wire, slides down ropes, sings and dances. His ad libs and improvised jokes are engaging if, one suspects, premeditated. The occasional fumbled trick is ruefully acknowledged and instantly forgiven. He is inexhaustible, vital, and unabashedly, old-fashionedly charming; a real star.

Mahler/Barbican

BY DAVID MURRAY

—Or, to give it its full title: "Mahler, Vienna and the Twentieth Century." The opening concert—with Claudio Abbado and the London Symphony, who are at the centre of the Festival throughout—was on Thursday night; there are many more up till early June, and a whole new round in the autumn. Berg is to figure most prominently after Mahler, along with Schoenberg, Webern and several more recent composers who felt their influence. There are related exhibitions, lectures and plays on the margin.

With Mahler, Thursday night made a reasonably auspicious beginning. Abbado took some time to find his stride in the First Symphony; the initial suspenseful hush began to seem just becalmed—there were later miscalculations of timing, too—and the main material wanted stronger character even after the winds began to play in tune. The scherzo had a tougher stamp and bite, and interesting anguished inflections in the trio. There was scarcely a hint of parody in the "Frère Jacques" dirge (introduced by the solo bass quite smoothly and blandly), and the raucous interpolations sounded mystifying. The finale, however, had the right sort of frenzy from its first bar, and Abbado shaped its sprawling length with a sure band; the culminating blaze crowned it with conviction.

Berg and György Ligeti were not so lucky. In Berg's Violin Concerto the soloist was Salvatore Accardo, who boasted extreme technical assurance and often lovely tone. The low dramatic voltage of his account should perhaps be laid at Abbado's door, for the conductor managed to bring only a few passing events to life. The mildest movement, the *Landler*, was turned with some grace; but the first movement sounded provisional, the later "catastrophe" was sadly underwhelming, and the closing chorale-movement limped weakly from phrase to uncertain phrase. The first horn gave no evidence anywhere of familiarity with the music, and he was not the only offender.

Ligeti's subtly deceptive *Lontano* was, as far as one could make out, infinitely better prepared, but it was decisively sabotaged by the audience. Most of the piece is very quiet, laying snares for the ear, where one suddenly realises that a whole perspective has been inverted; at all the most important semi-silences there were nasty, *shamelessly* uncovered coughs. Those, at least, the Barbican acoustic transmits brilliantly.

Rebellious children locked in a nightmare

The Child Fixers, on Radio 4 yesterday, was terrifying. It was a documentary about the latest social abnormality among white, middle-class families. In this case the setting was Minnesota but the malaise apparently is endemic elsewhere. Naughty children, disobedient children, inattentive children, children who dress like punks or sniff glue are taken to their psychiatrists and consigned to an "adolescent care unit." At the Golden Valley Health Centre, "*ad psych*" costs $250 a day, which is met from medical insurance. Naturally, such places will take in all the patients they can, and psychiatrists are always ready to diagnose "conduct disorder" or "adolescent adjustment."

The treatment for patients aged from two to 13 involves a lot of locked doors. A child showing "anger" is put into a "quiet room" and given a phone book to tear up, or something. (The girl seen by Andrew Rutherford, the BBC's researcher, wisely threw her phone book at her guardian.) Adolescent psychiatry of this kind is promoted by the insurance people and the psychiatrists, and accommodation intended for adult patients is being switched to the children. A 16-year-old boy who had been in one of these hell-holes explained, with more wisdom than we heard from any of the psychs: "Most of the kids are rebelling against . . . whatever it is they're rebelling against." For God's sake, let's keep this out of the National Health.

It sounds like one of those award-awarding events, but *Book of the Century*, a new Radio 4 series that began on Wednesday, is better than that. Six "well-known personalities" will speak about any book written this century they find of special worth. John Spurling, first well-known personality, chose *One Hundred Years of Solitude* by Gabriel Garcia Marquez, and my only complaint is that I've read it and so won't have the immense joy of discovering it for myself. It's about the mythical history of a family in an unspecified South American jungle; or it's about the history of a village, or a nation, or a race. It's exciting and funny. No doubt Mr Spurling said all this, or perhaps his interlocuter Derek Parker (who was keen to add his own views to Mr Spurling's, like me). Once you've read the hook, you can't stop talking about it. I shouldn't be doing my duty if I didn't record that it's a Picador paperback at £2.95.

While I'm on books, Radio 4 did well by Raymond Chandler on Tuesday. Tom Hutchinson treated him as a serious writer who used the thriller as a vehicle for genuine art. As Dilys Powell, an old friends, said: "He didn't believe Hollywood treated literary men as *they* deserved." He wrote great scripts and better novels, and created the best private detective since Sherlock Holmes. There were nostalgic clips of Dick Powell playing Marlowe in *Farewell My Lovely* and Humphrey Bogart playing him in *The Big Sleep*.

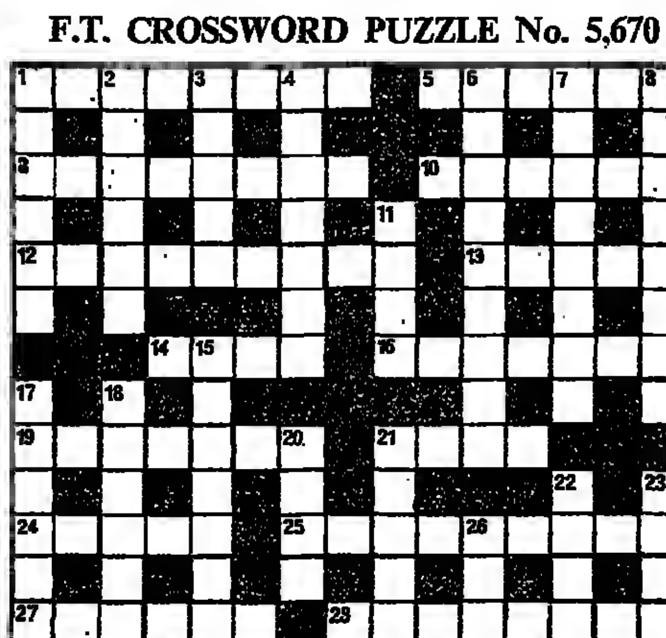
Home-grown police work in the Monday Play, Mike Walker's *Spoiling Egypt*. Unusual police work, though, for the copper Tom Lee (Brian Cox) never encounters the suspect (Norman Jones) at all, except in photos, tapes and intercepts. We are dealing with the Special Branch. The suspect became a suspect only because he was seen talking to a chap with a record in a photo of a demonstration, and Lee developed an obsession about him that didn't subside even after the other people involved in what he thought was the case were all convicted on charges for quite different things.

So Lee went on with his bugs and his phone-taps and his mail-opening. He reckoned that if he could arrange for enough trivial problems to afflict his victim, the poor chap would have to come out and reveal in some way what he was up to (smuggling arms, Lee thought). But nothing came of it, and the last tape recorded nothing more criminal than the man in his bedroom, cutting his throat in desperation. I don't know if the procedure was authentic, but it sounded authentic. Certainly, the tension and excitement were authentic. My only reservation is that I don't like first-person soliloquy in radio plays and the final bout —the coda, as it were—softened the appalling climax. Excellent direction by Peter King.

RADIO

B. A. YOUNG

F.T. CROSSWORD PUZZLE No. 5,670



A prize of £10 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solutions will be given next Saturday.

Name ....

Address ....

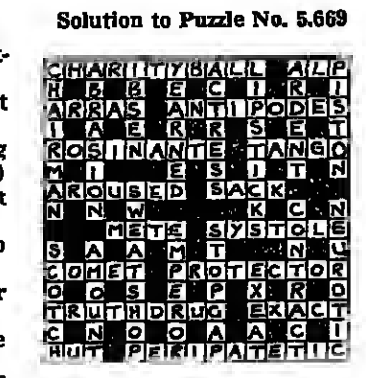
ACROSS

1 Metal pad adapted for fruit-producer (4-4)
5 Dull fellow finally met at Euston (6)
9 Top border of dress showing impudence with thread (8)
10 Water, by the way, is what tug must take (6)
12 Martial do with licence to be clumsy (9)
13 Love-plot developed for show-singer (5)
14 Perhaps pen quarter article (4)
16 Chaucer's hen or old ruff (7)
19 Sketch of striking draughtsmanship (7)
21 A party's over — this weakened the spirit (4)
24 Old noble occupying most of SE island (5)
25 Formerly thoughtful, dear? (9)
27 17? Stiff trial! (6)
28 Uncle's place of business (8)
29 Lives long, keeping fit in outskirts of Douglas (6)
30 Is it made from prow bits? (8)

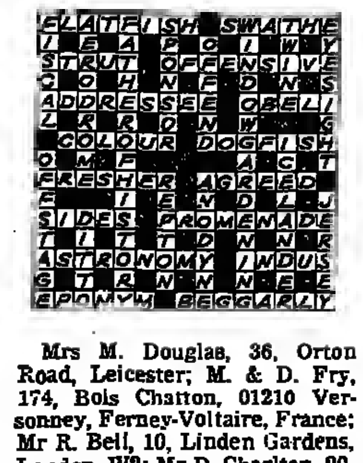
DOWN

1 Source of energy from Monday (6)
2 For harness, stop at Rugby (6)
3 Fence by day turned whitish (5)
4 Sort of green president? (7)
6 Not provided with coach, undo utter confusion (9)
7 Jack depends upon such a standard (8)
8 Capital locks fitted with springs (8)
11 At work on deck (4)
15 British government halt while members are shuffled (9)
17 P-pine? (8)
18 How to join best ride? (8)
20 What is the point of fencing? (4)
21 Parson nut to get ring for lady in choir (7)
22 Archbishop who held the line (6)
23 Tyrant posted abroad (6)
26 Numbers called free of charge? (5)

Solution to Puzzle No. 5,669



SOLUTION AND WINNERS OF PUZZLE NO. 5,664



Mrs M. Douglas, 36, Orton Road, Leicester; M. & D. Fry, 174, Bois Chatton, 01210 Versonney, Ferney-Voltaire, France; Mr R. Bell, 10, Linden Gardens, London, W2; Mr D. Charlton, 20, Station Road, Kenilworth, Warwicks; Mr D. Harrison, 7, Rosehall Terrace, Falkirk, Stirling.

CHESS SOLUTIONS

Solution to Position No 559

1...P-B3 ch! made White resign. If 2 PxP, R-K4, ch; 3 K-R4, R-R4 ch; 4 K-N3, R-R6 mate, or if 2 KxP, R-B7 ch and RxQ, or if 2 K-R4, R-R6 mate.

Solution to Problem No 559

1 N-R6 ch, K-B1; 2 RxB ch, KxR; 3 RxN ch, KxR; 4 Q-B8 ch, KxQ; 5 P-N7 mate.

TODAY'S TELEVISION AND RADIO

BBC 1

† Indicates programme in black and white

8.30 am Roobarb. 8.35 Battle of the Planets. 9.00 Saturday Superstore. 12.12 pm Weather News. 12.15 Grandstand. 12.50 News Summary: Football Focus; Boxing from Leicester; Racing from Chepstow; Hockey; Rugby Union: England v Scotland followed by highlights of Wales v Ireland; Final Score at 4.40. 5.05 News. 5.15 Regional Programmes. 5.20 Doctor Who. 6.05 Jim'll Fix It. 6.40 The Laughter Show. 7.15 One by One. 8.05 Dynasty. 8.50 Bergerac. 9.45 News and Sport. 10.00 "Three Days of the Condor," starring Robert Redford.

REGIONAL VARIATIONS: WALES—8.30-9.00 am Rugby Union: Try, Try Again. 12.15-5.5 pm Grandstand including coverage of the whole of Wales v Ireland at Cardiff, followed by the closing stages of England v Scotland from Twickenham: 5.15-5.20 Sports News Wales.

SCOTLAND — 5.15-5.20 pm Scoreboard. 10.00 Sportscene. 10.30-12.25 am The Late Film: "Three Days of the Condor."

NORTHERN IRELAND—12.15-5.05 pm Grandstand, including coverage of the whole of Wales v Ireland at Cardiff, followed by the closing stages of England v Scotland. 5.15-5.20 Northern Ireland News. 11.55-12.00 Northern Ireland News Headlines.

ENGLAND—5.15-5.20 pm London—Sport: South-West (Plymouth) Spotlight Sports and News; all other English regions—Sport and Regional News.

BBC 2

8.25 am Open University. †3.10 pm Saturday Cinema Double Bill: "Radio Parade of 1935" and from 4.40 "Come Blow Your Horn." 8.30 The Sky at Night. 6.50 News, Sport. 7.05 France Actuelle. 7.30 Rugby Special. 8.35 Music from the Northern Lands. 10.00 Blott on the Landscape. 10.55 Harty Goes To . . . Dublin. 11.25-1.20 am "November Night" (Polish film with English subtitles).

LONDON

8.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Cartoon Time. 9.35 Scooby Scrappy and Yabba Doo. 10.00 No 73. 11.20 The Fall Guy. 12.15 pm World of Sport: 12.20 World Cup Skiing; 12.45 News; 12.50 On The Ball; 1.20 Ice Speedway; 1.40 The ITV Five from Lingfield and Newcastle, 3.00 Soccer; 3.45 Half-time Soccer Round-up; 4.00 Wrestling; 4.45 Results. 5.00 News, Sport. 5.05 Blockbusters. 5.35 Robin of Sherwood. 6.40 The Fame Game. 7.20 All Star Secrets. 7.50 The Price is Right. 8.50 News, Sport. 9.00 Aspel and Company. 9.50 Boxing. 11.05 London News Headlines followed by Auf Wiedersehen, Pet. 12.05 am Clancy Brothers and Tommy Makem Reunion Concert. 1.05 New From London. 2.05 Night Thoughts.

CHANNEL 4

1.05 pm Everybody Here. 1.30 The Making of Britain. †1.55 "Viva Zapata!" starring Marlon Brando. †4.00 The Invisible Menace. 5.05 Brookside. 6.00 The Other Side of the Tracks. 7.00 News Summary followed by Union World. 7.30 Credo. 8.30 My World And Welcome To It. 9.00 Edward Heath—The Man Who Went to the Country. 10.00 Hill Street Blues. †10.55 "Kiss Me Deadly."

S4C WALES

1.50 pm A Question of Economics. 2.30 Rygbi Rhyngwladol. 4.05 A Week in Politics. 4.50 Feature Film. "Seven Sinners." 6.05 Where in the World? 6.30 Home: Journeys to Britain. 7.30 Newyddion. 7.45 Sion a Siân. 8.15 Wedi Wyth. 8.45 Pedwar ar Bedwar. 9.15 Y Maes Chwarae. 10.15 Supertroupers. 11.15 Feature Film: "Janie."

CENTRAL

9.25 am Adventures of the Blue Knight. 11.20 7th BMX World Championships. 5.05 pm Cartoon Alphabet. 12.05 am Shelley.

IBA Regions as London except at the following times:

ANGLIA

11.20 am The 7th BMX World Championships. 12.05 am Jazz Special. 12.35 At the end of the day.

BORDER

11.20 am 7th BMX World Championships. 5.00 pm Cartoon Alphabet. 12.05 am Curling.

CHANNEL

9.57 am Puffin's Pla(i)ce. 11.20 7th BMX World Championship. 12.14 pm Channel Islands Weather Summary. 5.05 Puffin's Pla(i)ce. 5.10 The Smurfs.

GRAMPIAN

11.20 am Chips. 12.05 am Curling. 12.45 Reflections.

GRANADA

11.20 am Chips. 5.05 pm Diff'rent Strokes. 12.05 am The Saturday Film: "Empire of the Ants."

HTV

11.20 am The Little House on the Prairie. 12.13 pm HTV News. 5.05 Cartoon Alphabet. 12.00 am The Flowers Decathlon 1985.

HTV Wales—As HTV West except: 12.05-12.35 am Jazz Special.

SCOTTISH

11.20 am Chips. 12.05 am Curling. 12.40 Late Call.

TSW

9.57 am Gus Honeybun's Magic Birthdays. 11.20 7th BMX World Championships. 12.12 pm TSW Regional News. 5.00 Newsport. 5.18 The Smurfs. 12.00 am Flowers Decathlon '85. 12.35 Postscript.

TVS

9.25 am Porky Pig. 11.20 The Green Hornet. 11.45 Birdman and Galaxy Trio. 12.12 pm TVS Weather. 12.00 am Jazz Special Club Night. 12.35 Company.

TYNE TEES

9.25 am Morning Glory. 9.55 Young Lookaround. 11.20 Captain Scarlet and the Mysterons. 11.50 Batman. 12.13 pm North East News. 5.00 pm North East News. 5.07 Cartoon Alphabet. 12.05 am Poet's Corner.

ULSTER

11.30 am Fireball XL5. 11.45 The Jacksons. 12.43 pm Lunchtime News. 4.55 Ulster Sports Results. 5.03 Ulster News. 5.00 Diff'rent Strokes. 8.02 Ulster News. 11.55 Guess Who's Coming to Dinner. 12.20 am News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast. 11.20 The 7th BMX World Championships. 5.05 pm Cartoon Alphabet. 12.05 am That's Hollywood.

BBC RADIO 2

(S) Also VHF Stereo

8.00 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm The Impressionists. 1.30 Sport On 2: Football Preview; Preview of the 1985 Motor Cycle G.P. Season; Rugby Union: Wales v Ireland and England v Scotland; Football: Sports Report including 5.00 Classified Football results, 5.40 Racing results, 5.55 Pools news; football results. 6.00 Folk On 2. 7.00 Beat the Record. 7.30 The Magic of D'Oyly Carte (S). 9.30 Big Band Special (S). 10.02 Sports Desk. 10.00 Steve Jones (S). 12.00 am Night Owls (S). 1.00 Peter Dickson (S). 3.00-4.00 Wally Whyton (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 8.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.00 Robert Mayer Concert (S). 12.15 pm Don Giovanni at Dinner (S). 1.00 News. 1.05 Granados (S). 2.00 Otto Klemperer (S). 3.00 Jazz Record Requests (S). 3.45 Critics' Forum. 4.35 Schubert (S). 7.15 Catch. 7.30 Royal Liverpool Philharmonic Orchestra, part 1 (S). 8.25 The Old Age of My Youth. 8.45 Concert, part 2 (S). 9.30 Europe and the Lawyers. 9.50 Early Music Centre Festival 1984 (S). 11.00 Norway After Grieg (S). 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.00 Breakaway. 9.50 News. Stand. 10.05 The Week in Westminster. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm Blending. 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2. News: The Afternoon Play (S). 3.00 News: Funny You Should Sing That. 3.30 Gorilla. 4.15 Making Noise About Life. 4.45 Bolshoi Tystinsky No 26. 5.00 Wildlife. 5.25 Week Ending (S). 6.00 News. 6.25 Desert Island Discs (S). 7.00 Stop The Week With Robert Robinson. 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 Science Now. 11.30 In One Ear. 12.00-12.15 am News.

Antony Thorncroft: Art investment

Dealers stock up for the U.S. invasion

IN THEORY, with the pound floored by the dollar, the London salerooms and the Bond Street antique shops should be full of American buyers siphoning off our heritage. Unfortunately for theory it is not quite like that.

There is more American buying, but not to the extent price levels here would suggest. On Friday week Sotheby's had an excellent sale of English furniture, but most of the lots still went to private buyers, local and continental, or to London dealers. Perhaps the latter are stocking up in expectation of a hectic summer, but in the main the anticipated invasion has yet to happen.

It was the same on Wednesday at the equally successful auction of British paintings, and the next day when watercolours and drawings went under the hammer. Demand was strong, lots were usually sold near the top end of their forecast, but it was the British that were the successful bidders. Perhaps the strength of the London Stock Market, and the company profitability, have been overlooked in the concentration on the much more impressive performance of the American economy.

Watercolours are an interesting market. They are very popular with the first time buyer of art. You can still get an attractive Victorian watercolour for a few hundred pounds, even a minor work by a major name for less than a thousand. They are easy to understand, small and decorative. And they are believed to appreciate in value. Such virtues make them a speculative market, as well as an amateur's passion. Watercolours rose rapidly in price in the late seventies. In the early eighties, a reaction set in, and the routine works faltered. Now there is a modest price revival.

Sotheby's sale totalled £640,717, with 7 per cent unsold. There were a few remarkable prices but, in the main, the good watercolours sold well and the less good within their estimate. There were some Americans bidding, but they tended to lose out to local dealers who secured a majority of the lots.

Three encouraging artist records were set. A Rowlandson sketch of the Place des Victoires in Paris, which was published as a print just after the fall of the Bastille, almost doubled its estimate at £93,500. On the other hand, you could buy a Rowlandson for much less: a watercolour of Fair Lane was in forecast at £1,540 and a provocative *Doorway Flirtation* sold for £1,870 (top estimate £1,000).

Other artists to set records were Ruskin and William Callow. A view of the Thames from Richmond Hill was spot on forecast at £30,900, but other works by this most famous Victorian art critic failed to sell. Callow performed as expected, his "Pont Royal, Paris" making £25,300 to the London dealers Baskett and Day.

The major names invariably do well, and a Turner watercolour of an Alpine town was nicely above forecast at £41,800.

"Pont Royal, Paris" by William Callow which sold at Sothebys for £25,300, an auction record for the artist

A pencil drawing by Constable was within forecast at £18,700. It is in no way exceptional, but it is believed to be the last outside composition by the artist.

A feature of recent years has been the arrival of the second rank of watercolourist selling for many thousands. David Cox is much in demand, and his *Long Gallery, Hardwick Hall* was bought by Colnaghi for £38,500, over twice the highest pre-sale estimate. But it was not a record — 18 months ago a Cox sold for £40,000. Other artists approaching this bracket are John Frederick Lewis, whose *Badouin camel driver and camel* made £16,500, and David Roberts who comfortably exceeded forecast with a price of £12,100 for a view of Thebes.

Henry Wemyss of Sotheby's watercolours department sums up the watercolour market compared with the late 1970s—strong demand across the board, in particular for the finest works and the best artists, but not the same interest in second rate watercolours in the lowest price ranges.

Of Thursday's auction he was most surprised by the good price of £8,250 paid for a portrait of Thomas Pitt and his son William by John Russell, and the interest in works by Copley Fielding—a watercolour of the Downs, carrying a top estimate of £1,200, made £4,400. Samuel Prout is another artist who seems to be enjoying a revival of interest: *Fishing for lobsters off a jetty* was bid up to £2,640 as against a top estimate of £1,500. Peter de Wint also has a loyal following—his view of the Thames at Cookham made £4,400 (top estimate £3,000), although other works by this artist were bought in.

And that just about sums up the market. It is still of British interest only, and because there are frequent auctions and a steady supply of material prices are usually within the estimates set by the experts. Major artists invariably do well, but the strength of demand is not so undiscriminating that every lot finds a buyer. There is no wild money for British watercolours, but anyone buying them because they are attractive items is unlikely to have made a poor investment.

Patricia Morison looks at a very special bloom

The eternal romance of orchids

WHICH GREAT romance began when a gentleman bent to sniff the corsage in a lady's ample bosom. The answer, as readers of Proust will know, is the affair of Swann and Odette; the scented, suggestive-looking flowers were cattleya orchids. From next Wednesday to Saturday, the Royal Horticultural Society is holding the finest orchid show ever at its Westminster halls, to commemorate the first International Orchid Conference in 1885. Orchidophiles (as the French call them) will already be itching to hear learned papers on "The Tropical Odontoglossum," yet ignoramuses like me will go because orchids are not so much a flower, more a work of art.

Odette, a vulgar Parisian cocotte, loved orchids because they had the "supreme merit" of not looking like other flowers. Her feelings were shared by the eminently respectable president of the 1885 conference, who explained the orchid-growers' mania by "the splendour and richness of colouring, the delicate grace and beauty of the flowers, the weird and fantastic characters of some of them." Orchids were worth any money and any effort. One enthusiast told the audience to spray their floral darlings with horse urine. The mind boggles: if a horse won't drink when taken to water, how on earth do you make it water?

Horses have more to do with orchids than you might think, for the plant has a suitably strange history. Renaissance botanists explained the mystery of orchid reproduction by claiming their spontaneous generation from the semen of grazing stallions and bulls. Orchis is the Greek for testicle because in the 4th century BC Theophrastus, the Greek botanist, noticed that the bulbs and tubers of the Mediterranean orchids look decidedly suggestive. For centuries, medicines and aphrodisiacs were made from the species we so zealously guard in nature reserves.

Europeans discovered the spectacular orchids of the New World in 1510 when vanilla was imported by the Spanish for its fragrance. It seems that it was only in the 18th century that the English started to cultivate it for the beauty of its flowers. However, Odette would never have giggled at the suggestive blooms on her mantlepiece, had it not been for a lucky discovery in Hertfordshire, and an aristocrat with an eye for beauty and a pocket to match.

In 1818 William Cattley, nurseryman in Barnet, was intrigued to find that a consignment of Brazilian imports had strange plants used as packing round them. He nurtured the oddities and was rewarded with a bloom which created a sensation. William Cavendish, 6th Duke of Devonshire, was ravished by the cattleya he saw at an Royal Horticultural Society show. He parted with 100 guineas and bore it triumphantly off to Chatsworth and the care of his famous gardener, Joseph Paxton. Orchids now had snob value, and they have never looked back.

By the conference of 1885, orchidomania had reached its apogee. A single plant shipped in from the New World could easily reach £700 at auction in Liverpool. Large areas of tropical forests were denuded as collectors competed to find for their patrons the epiphytic treasure which bloomed aloft. It was a hazardous business for all concerned.

James Bateman, a leading grower, was given money to finance his first expedition in Demarara by his father. Most of the stock died, but fortunately Bateman's collector found one tree of a rarity in the over-culled forest, so Bateman's fortune was made.

Already by 1885, trends in orchid-fancying had appeared which are still more strongly in evidence today. It was known that orchids would hybridise, although purists like Bateman objected violently. The hybrids were easier to grow and cheaper, so that the conservatories of Victorian villadom could now sport orchids. The Americans had quickly become enthusiasts, among them the gloriously named Mr Wright Boott, first grower of epiphytes.

Within the decade, a particularly bouncey hybrid in Singapore caught the eye of a visiting Hawaian sugar-planter. He turned Hawai into a vast open-air orchid factory. Most of the orchids now sold in supermarkets come from the Far East, since air-freight is cheaper than heating.

Democratisation of the orchid is the big change which Alec Bristow, president of the Orchid Society of Great Britain, sees as having taken place in the last century. Thanks to laboratory techniques of cloning the amenable orchid, a mere £10 can start you off with a blooming specimen, one of over 50,000 hybrids in existence. Nonetheless, the number of growers in this country is relatively small. The mystique of the orchid as being costly, rare and a touch sinister, puts them in a different league from the friendly fuschia and the docile pelargonium.

But it is this mystique which will take mere spectators like myself to the RHS halls to see orchids brought from all over Europe, the U.S., New Zealand, South East Asia and elsewhere. The RHS will be exhibiting its collection of orchid paintings, so I look forward to seeing how well artists have responded to the challenge.

But if you want to buy a corsage for your Odette, you should also go to Harrods. Until March 22 there will be an orchid exhibition in the foodhalls. Harrods demurely suggests that you look there for an orchid to take Mother on Mothering Sunday, but one look at these Fabergé jewels of the plant world dictates that they find a more romantic destination.

● The RHS halls in Vincent Square and Greycoat Street, SW1, will be open 10 am to 7 pm daily, except Friday, when they are open 10 am to 4 pm. For conference details, ring 01-438 4333.

Wine: Edmund Penning-Rowsell studies the class of '83

Boom time for white Burgundies

MOST OF the tastings to which I am invited are primarily arranged for trade buyers. This of course, is very convenient, if at times something of a marathon, because it means that all the wines of a grower, agent or merchant are assembled together, probably when first available in this country.

The difficulty is that one can seldom tell where these wines will be on sale to the consumer, for this obviously depends on which retail firm buys them: almost certainly after the tasting. Nor can one know what the retail prices will be.

At such trade affairs prices are likely to be quoted "ex-cellars," in Bordeaux, Beaune or wherever the wine comes from. This could add 75 per cent, whereas if the quoted price is "duty-paid-delivered" it is more likely to be 40-50 per cent. (Before any accusations of over-pricing are levelled, it should be remembered that the former figure will include shipment, insurance, duty and VAT, while the latter may take account of free delivery to the customer, VAT and interest charges on vintage wines that may have to be kept in bonded or duty-paid cellars.) So the retail mark-up is likely to be higher on expensive vintage wines than on low-priced, quick turnover "running wines," on which there is fierce competition.

Consequently it is easier to recommend wines for their quality than to be informative about their prices. So my figures must mostly be approximate. Among tastings attended in the last few months two have been notable for their 1983 white burgundies: Louis Latour of Beaune and Henry Townsend of Beaconsfield.

Although Latour showed '82s as well, the '83s, oaky and full-flavoured, are clearly the finer, though the Meursault Château de Blagny '83 (c. £110-£120 a case retail) is a big, strong wine with a finely scented aroma. The '83s that I particularly liked were the Chassagne-Montrachet, with a peachy aroma and plenty of body (c. £140), the Puligny-Montrachet Folatières, more elegant as Pulignys should be (c. £160) and the Corton Charlemagne from Latour's own vineyard, typically big-bodied, with a lovely oaky bouquet. With an ex-cellars price of £244 I hesitate even to guess a retail one.

There is now almost a feverish world demand for the very limited amounts of white burgundy produced, and if frost-damage reports this winter are confirmed, prices will rise again sharply for the 1985 vintage. Yet one inexpensive Latour wine is the Macon Lugny Les Genièvres '83 that should not cost more than £5 a bottle.

The Townsend prices, for a minimum of two cases from the whole list, were in-bond-London, so included shipment, but not duty and VAT. The least expensive white burgundy now is Chablis, but with prices rising this year, partly owing to frost damage, this may not be true for long.

At this listing plain Chablis, Domaine de l'Eglantière, had the authentic crisp aroma and clean dry taste (c. £60 retail). Better, of course, was Louis Michel's Premier Cru Vaillons and Montée de Tonnone (both c. £90), elegant on the nose, fruity on the palate: wines to keep.

Demand, largely American, has pushed Pouilly Fuissé prices up to those of Meursault and Puligny-Montrachet, which is absurd, but a really outstanding wine here was the Ch. Fuissé Vieilles Vignes (c. £145 a case), with a full bouquet, and a deliciously rich, nutty flavour. Around the same price was the Louis Jadot Meursault Charmes, distinctive in bouquet and taste.

At Loeb's annual tasting a novelty was the excellent wine of the Alsace house of Faller in Keysersberg, for whom they are now agents. Nineteen-eighty-three was the best Alsace vintage since 1976 and two wines that stood out for me were the Riesling Cuvée St Catherine (c. £120), for its fine balance of fruit and acidity and the Gewurztraminer Réserve (c. £110) for its richness and concentration. Two fine German 83s were the flowery Oberemmeler Hütte Spätlese (c. £75) and the J. J. Prüm Graacher Himmelreich Spätlese (c. £105), with all the crispness of this grower's fine Middle Moselles.

Loeb's has held a trade tasting of Paul Jaboulet Ainé's '83 Rhônes, particularly esteemed in the northern sector around Tain, although a Côtes du Rhône Villages (c £55) was full of flavour and good value in terms of quality. But the two outstanding wines were the huge-coloured, oaky nosed, full-flavoured Crozes Hermitage Thalabert (c £75) and the Hermitage La Chapelle, a big tannic wine with a power that implied long life (c £170). In relation to red burgundies the leading Rhônes are still reasonably priced, and the '83s should not be neglected.

Lay and Wheeler's tasting at Colchester included cash-and-carry prices for the 40 wines on show. Here again 1983 whites scored: Muscadet Ch de Chasseloir (£3.80) with more character than usual for an often dull wine; Pouilly Fumé Les Berthiers (£4.20), fruitier, more generous flavoured than some of these frequently austere wines; and Chablis Vauroux (£4.54), dry but fruity. Among the reds Coste's 82 Graves (£3.28) was a light wine, already surprisingly drinkable, with a touch of the style that distinguishes claret. More for the future was the Cahors Ch Didier '82 (£3.16), with the typical big taste of these Lot wines, but well-balanced. Finally, a distinguished Volnay Caillerets, Pousse d'Or '79 (£11-12) that had the fruity elegance of a true Volnay that has not been over-sugared.

Back to estimated shop prices of a trade tasting of the burgundies of the old-established Nuits-St-Georges house of Faiveley, two wines that showed well were the Mercurey Clos des Myglands '81 (c. £90 a case), a light, fruity Chalonnais wine with a sweet bouquet; and the Corton Clos des Cortons '82 (c. £180) that had more colour than most of the other wines shown and had a strong, full-bodied taste of authentic Corton.

The chief time here for claret tastings is the late spring when the latest vintage is offered. How this will work out with the prematurely criticised but unassessed '84s remains to be seen, but two rather unusual samplings have taken place earlier this year.

The first was of five vintages (1983-1979) of Ch d'Issan, the Cantenac classed growth whose vines have achieved a wider reputation in recent years. As expected, the '83 was rather tannic at this stage and the '82 closed up, but the '81 had fine Médoc nose, and an elegant flavour that suggested not all that long-delayed maturity (c. £130 a case), but the '80 (c. £110), light in colour and flavour, was a very agreeable glass of fine claret for current drinking.

The other tasting was just a prestige affair of six classified growths showing their '83s and '80s: Brane-Cantenac, Durfort-Vivens, Léoville-Barton, Pavie, Pavie-Decesse, and Pichon Lalande. No prices. The '83s were noticeably tannic, with the Pavie showing particularly well, the Brane-Cantenac the most forward, the Léoville-Barton the biggest. (Unfortunately, the Pichon had not turned up.) The Léoville-Barton was the most agreeable, best balanced '80, followed by the Pichon Lalande. The others showed less well.

The latest entrant onto the international wine market is Canada, and at a recent tasting in London at Canada House, no fewer than 27 vitis vinifera wines—as opposed to those made from the native American hybrid vines—were shown in a blind tasting. Produced from vineyards on the Niagara peninsular, Chardonnays, Gamays and Rieslings were impressive, particularly from Château des Charmes and Inniskillin, both companies founded within the last 10 years. The only firm in Britain to sell any is Avery of Bristol, whose Inniskillin '82 is priced at £58.65 a case, and well worth trying.

Finally, the annual tasting of California wines by the leading importer, Geoffrey Roberts, 7, Ariel Way, W12, showed that in spite of the high dollar, some accommodation on the part of the growers has made serious Chardonnays, Sauvignons, Chenin Blancs and Cabernet-Sauvignons available at prices competitive with no less serious French wines from the same grapes. In a tasting of 66 wines, it is not possible to mention individual wines here, but the firms whose wines stood out for quality and price included Firestone, Trefethen, Mondavi and Ridge. For sparkling wines, I recommend the excellent range of Schramsberg, which might be described as the Krug of California.

Trevor Bailey on the bumpy road to Wembley

When true grit is not enough

THE FA Cup, now at its semi-final stage, looks like a northern carve-up. Liverpool, Manchester United and Everton dominate the betting shops with lowly Luton as the only southern contender.

Luton's position spotlights a vexing problem of League football. How does an unglamorous, hard-up First Division club, playing good football and adhering to the civilised values of the game, keep up with the Super-Joneses?

A Club like Luton is all too aware that if they were to be relegated they could quickly find themselves cruising along the backwaters of the Third Division. But if, say, Arsenal were to drop into the Second Division it would only be a matter of time before they re-joined the elite. And the key to the problem is money.

On Saturday Luton Town met Watford, another of the smaller First Division clubs, in the fifth round of the FA Cup at Kenilworth Road. Luton won a hard-fought, enthusiastic but limited Cup-tie before 15,500 well behaved supporters, as one would expect from two well-run, essentially civilised clubs, who have gone out of their way to encourage family support.

This makes the riot which occurred at Luton on Wednesday in the game against Millwall the more unexpected and sad. The Millwall visitors have not only done much damage and caused injury, but they may have discouraged Luton followers, especially those with children, from watching any more professional football. Hooliganism on Wednesday's scale makes one wonder whether the efforts of the Luton directors and staff will raise the additional revenue required for the club to compete with the best is really worth while.

Luton could not exist in their present form on gates and season tickets alone. Their annual income from league gates amounts to £400,000, plus £200,000 from season tickets. This does not even cover their players' wages let alone their total annual expenditure of approximately £1,400,000.

How does the club raise the extra money? The answers are hard work, ingenuity, and considerable business acumen. Sponsorship and advertising produces £300,000, catering £50,000, a lottery £150,000, and £20,000 comes from the FA and Milk Cup. These figures show that Luton make more from their extra curricular activities than from their gates but it still leaves the substantial yearly deficit of around £300,000.

This loss is why the club's development plans to make its First Division ambitions more realistic have hit snags. Luton made many improvements to their limited ground facilities, but wanted to move to an all-purpose covered stadium at Milton Keynes, which could host activities other than football and provide additional revenue. It was turned down by the Milton Keynes authorities, and now Luton must look for a new venue.

Luton attempt to cover their annual deficit from the proceeds of one, or other of those two imponderables, a profitable Cup run or a transfer fee, like the £300,000 from Liverpool for Paul Walsh. Now Luton hope to emulate Watford in 1984 by reaching Wembley for the first time for 26 years, but they have to eliminate the holders, Everton in the semi-finals, a hard, though by no means impossible task. If they are successful they are assured of a profit, but still cannot afford to forget that they are insecurely perched one from the bottom of the table.

The friendly atmosphere which has been so carefully nurtured at Luton, was illustrated by a pre-match lunch, hosted by the game's sponsor, at which the club chairman introduced the Watford counterpart, Elton John wearing what I thought looked rather like a green battledress, but I was reliably informed to be the very latest fashion.

There was also an impressive question and answer session conducted by Paul Elliott, a young player who was recovering from a broken leg. Apart from being a highly promising centre-back, Paul is a balanced, articulate and sensible young man. It is good to know that Luton and their admirable manager, David Pleat, are interested in the welfare of their staff both on and off the field.

Janet Marsh celebrates a forgotten photographic pioneer

The blue films with a place in history

ANNA ATKINS deserves a place among the intrepid heroines of the Victorian era, even if her life was less spectacular than a Grace Darling, a Florence Nightingale or that stout sisterhood who braved the unfriendly climes of the Queen's far-flung Empire as missionaries or camp followers. Anna's place was instead, in the avant-garde of the new technology of photography. She won her niche in history in 1843 when, apparently single-handed, she produced and printed the world's first published book illustrated by photography.

Her achievement has generally been eclipsed by Fox Talbot's *The Pencil of Nature* (1844), which being far more glamourous and gaining wider circulation, has often been credited with the priority that truly belongs to Mrs Atkins. To be fair, her book was an esoteric and rather home-made work, made for distribution to a small and exclusive scientific circle, and titled forbiddingly *British Algae: Cyanotype Impressions.*

Born in 1797, Mrs Atkins was the daughter of John George Children, keeper of the zoological department at the British Museum. Children by chance was chairman of the meeting of the Royal Society at which Fox Talbot first announced his new process of "photogenic drawing." He continued to take an interest in Fox Talbot's invention, and in September 1841 wrote to tell him he had ordered a camera for Mrs Atkins so that she could experiment with photography.

In fact, Mrs Atkins did not use a camera for her studies of seaweed: the specimens were pressed tight against the light-sensitive paper under glass, thus providing, as it were, their own negative, to leave a white silhouette impression on the dark paper.

Nor did she use Fox Talbot's Calotype process. Another family friend was the great physicist Sir John Herschel, who had invented a process called "Cyanotype." Although easy and economical, the method did not catch on, since images printed by Cyanotype turned out in a Prussian blue as poisonous as the name. (Ironically the process was to come into its own, many years after contemporary photographic processes were forgotten, as the "Blueprint," which continued in use practically till the development of modern photocopying.)

If the vivid hues of the Cyanotype gave a special eeriness to portraits, however, it provided a striking background for Mrs Atkins' seaweeds. Not only the illustrations, but the text of her study was also reproduced by the process. The work was issued in parts, each limp bound in matching Prussian blue. The prints were slow to produce: starting in the summer of 1843, Mrs Atkins laboured for ten years to complete the whole series of more than 400 plates.

Less than a dozen copies of the work are known, and only that in the British Library is apparently complete. The first example ever to appear for sale appears in a Sotheby photographic auction on March 29. Although incomplete, it is of particular importance, as being Sir John Herschel's own copy, dedicated and dated by Mrs Atkins herself. It is impossible to guess what price it will realise; but no one will be surprised if it is in excess of £30,000.

Such an incunabulum would be the most auspicious possible launch to any library of books illustrated with actual photographs (one of the most attractive specialisations in the ranging field of photographic collecting). It is possible to form a representative and interesting collection of photographically illustrated books without quite such dramatic investment: a lot of the classic editions of the 1860s can still be found for only a few pounds.

It is a field of collecting that has been suddenly transformed by the current appearance of a vital tool, Helmut Gernsheim's awesome bibliography, *Incunabula of British Photographic Literature 1839-1875* (Scolar Press, £37.50).

The Gernsheim bibliography lists more than 600 books illustrated with actual photographs. Production of such works really got under way in the early 1850s, with the development of more practical methods of photographic printing on paper. Photographs were seen at this time as a new and attractive alternative to fine engravings, and most of the books were produced in expensive luxury editions.

Typographical subjects predominated, but photographs were also used in books for art reproductions, scientific subjects, portraiture and scriptural or literary illustration. The boom period came in the later 1860s, but production of such photographically illustrated books fell off dramatically after 1870, with the development of mechanical methods of photographic reproduction.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday March 16 1985

How to make a dry splash

THE Government is in trouble, and it knows it. It is in trouble over security, and local government, and education, and interest rates. The miners' strike and its collapse have so far done nothing for the Government's standing in the polls, but does seem to have had a startling effect inside the Labour Party, where the extreme left has suffered a series of humiliating routs in the constituencies; Mr Kinnock should soon be in a position to go on to the attack without watching his back. Meanwhile the continuing rise in unemployment is compounded with worries over sterling and disturbing signs that inflationary pressures — notably raw material prices—are building up again.

Mrs Thatcher is responding with characteristic energy and populistic instincts, taking an active role in such disparate matters as the star wars talks between Russia and the U.S. (and even suggesting that she may achieve a special relationship with the new Russian leader, Mr Gorbachev) and in the official response to football hooliganism. This is the kind of headline management that Mr Harold Wilson used to do so well in his days as a commoner; but Mrs Thatcher must know, from that experience as well as her own acute political sense, that this is at best a form of treading water. The Government needs to make a splash, and the man climbing quietly up to the high diving board is, of course, the Chancellor.

Mr Nigel Lawson is a showy performer, and in other circumstances he would relish this challenge; but the circumstances which actually exist at the moment are unhelpful, to say the least. The currency markets and his own wish to see inflation on a constantly downward path would suggest a tight Budget—or at the very least, and even worse from the point of view of mortgage-holding voters, a tighter monetary policy.

So the problem facing Mr Lawson is this: how to make a splash without getting wet. It can be done, but it will take a lot of nerve and considerable skill—not least in persuading his Cabinet colleagues to swallow their prejudices.

To do the trick at all, he must impress one audience without any reasonable doubt: the currency market. This will mean stating firmly that the Government is now determined to do whatever is necessary to protect the value of sterling.

This suggests rather tighter monetary targets, and no complacency about running near the top of the range; and he will help to make those convincing if he foregoes the ritual Budget-day cut in interest rates. The chance, with the dollar wobbling, may come quite soon in any case; and it will come all the sooner if he makes the clearest commitment to stabilisation on offer, and announces that we are accepting the disciplines of the European Monetary System. They could in any case hardly be much worse than going it alone.

The firmer and more convincing he can make this section of his speech, the greater the freedom he will enjoy for his other measures; for where confidence is sustained, borrowing at home reduces the outflows that might otherwise weaken the currency, as President Reagan has so spectacularly demonstrated. There will certainly be voices on his own back benches urging him to emulate the President all round, and present a blend of very tight monetary policy (and never mind the interest rates) with massive tax cuts. The balance of payments outlook also appears to give him elbow room. Oil imports will drop now that the coal strike is over, exports are suddenly on a rapid upward trend, and there are early signs of an inward tourist boom.

However, these non-coal developments are simply the result of the large (and quite deliberate) stimulus which has been given to the economy by the fall in sterling. This has made the country much more competitive (the devaluation since the peak has been on about the scale, on average, which the Labour Party was denounced for proposing).

This stimulus is good for output, for profits and for the stock market, but it does have two great drawbacks from the Chancellor's point of view: it runs inflationary risks, and has earned him no political reward. It is for purely domestic reasons of economic management that he will probably feel unwilling to go more than a few carefully camouflaged yards along the road pioneered by Mr Reagan. We are likely, then, to see a Budget whose main feature is robbing Peter to pay Paul.

The challenge to his boldness is to be ruthless enough in attacking entrenched privileges —pension fund exemptions, higher-rate relief against mortgage interest, and a host of other loopholes—to have something worthwhile to give to incentive, especially at the bottom of the pay scale. Boldness here could still make a fine, dry splash; a gingerly approach could end in a belly-flop. A good deal more than Mr Lawson's own shaky reputation could hinge on his performance next Tuesday.

MR LAWSON'S SECOND BUDGET

The audience is getting restive

By Max Wilkinson, Economics Correspondent

MR NIGEL LAWSON, the Chancellor, has spent the past three weeks drafting and redrafting a Budget speech for perhaps the most difficult performance of his whole career.

When he rises in the House of Commons on Tuesday afternoon he will need all the skills of a fencer threatened from four sides at once. He knows that some of his adversaries will be only too eager to exploit any sign of unsureness. So before making his final spending and taxing judgements, he drafted the main options in the form of a speech. This dry run at how it would sound on the day has been an important help to him in choosing measures which he hopes add up to a coherent whole.

The rehearsal has also helped him to concentrate on the most immediate frontal danger: a loss of market confidence and a further run on sterling. But it will not be enough just to keep the financial markets subdued.

On his left flank, he will have to deal with a constant growl of criticism that his strategy is failing to stop unemployment from rising.

From his right he will need to ward off accusations that he is doing far too little to honour the Tory pledge to cut taxes.

And at his back he will be aware of a small but vociferous band of critics who want him to announce a much more fundamental reform of the personal tax system than Mrs Thatcher seems prepared to countenance this year.

Mr Lawson's task has been made the more difficult by the unusually dense flock of lobbyists wheeling around threatened interests. These range from VAT exemptions on newspapers, books and children's clothing to the tax privileges of pension funds. Mr Lawson himself launched this "discussion" by letting it be known that he would like to start a thorough-going reform of the personal tax system. Yet the Prime Minister has not liked the clamour this has produced — her political protection seems certain to have barred many of his most obvious routes for raising extra revenue.

But if his measures are trumpeted too flamboyantly as a "Budget for Jobs," the City might well revert to its pre-Christmas state of nerves.

It suspected then, and is now partly re-assured, that tough talk about zero inflation is a feint behind which Mr Lawson was covertly relaxing his policies.

It feared at the turn of the year that the Treasury would push interest rates lower, allow sterling to depreciate further and countenance a large borrowing overshoot without worrying too much about the effects on inflation.

Mr Lawson's highly publicised tightening of policy in mid-January with a 4½ percentage point rise in interest rates stopped the rot for the time being; but though real interest rates (after allowing for inflation) have been at unprecedented levels of 8 to 9 per cent for nearly two months, sterling has not been conspicuously strong.

And Mr Lawson will have to announce at least one piece of bad news on Tuesday. This is a very large overshoot—by about £3bn—of his £7.3bn borrowing target for the current financial year (1984-85). Although this is widely expected, and partly the result of the miners' strike it will underline the City's general anxiety about public spending pressures and the Chancellor's ability to contain them.

Some City analysts believe that the Chancellor's credibility is so much in need of repair that he must announce a borrowing target of only about £5bn for next year (1985-86). This would be half the amount of the public sector is expected to borrow this year and £2bn less than the figure set out in his medium-term financial strategy.

These critics believe that only then, will the Chancellor be fully accepted in the financial markets as a true penitent who has forsaken all ideas of loose conduct of monetary or fiscal policy.

But Mr Lawson will not do this. Penitence is not his style. In any case he will vigorously deny all prodigal tendencies, so he will see no need to make a spectacular departure from the general course mapped out in his strategy.

So the starting point for his calculations will be the £7bn borrowing target, probably shaved slightly back as a concession to the City and supplemented with a stern lecture on the need to reduce wage settlements and other inflationary pressures. He will be tempted to add emphasis to this by announcing a few symbolic cuts in public spending programmes for next year.

But none of this will win him cheers in the House. The old message about sticking to the strategy — with a squeeze on borrowing, and downward pressure on inflation leading to a gradual regeneration of the economy—is beginning to sound very familiar.

The strategy has yet to deliver even the beginnings of a fall in unemployment; tax cuts, the reward we have been promised for the "squeeze" on public services, have so far been meagre; the appetite for major tax reforms, so successfully whetted in last year's Budget, is unlikely to be satisfied this year.

In the second Budget of a new Parliament and the seventh since the Conservatives came to power, Mr Lawson is, therefore, under strong pressure to advance on all these fronts. But his resources are relatively meagre.

If he sticks to a borrowing target of about £7bn, most outsiders believe he will have only about £1.5bn to £2bn to "give away" on tax cuts, reforms or job creating schemes. But the margin of uncertainty is enough to give any Chancellor vertigo. The range of outside estimates is from a tax cutting scope of £2bn to the need for tax increases of £2.5bn. Since each forecast is only to the nearest £4bn, the total range of uncertainty is almost as large as the total borrowing requirement itself.

The Treasury computer will have narrowed this range a bit, but the Chancellor will still be faced with a margin of uncertainty of about £4bn, the equivalent of an income tax cut of 4p in the pound.

This makes the Treasury's published estimates of the likely giveaway almost worthless. Or to put it another way, it means the Chancellor's overall Budget judgement on Tuesday will depend much more on his broad "feel" for the risks and uncertainties than on the detailed arithmetic so beloved of City analysts. Even a minor change in assumptions could push him £1bn either way. His ability to be "generous" will be particularly sensitive to his assumption about the sterling dollar rate of exchange which directly affects his North Sea Oil Revenues.

Since Mr Lawson has said loudly that the dollar is overvalued and that he wants central banks to help bring it down, he is certain to take a cautious view about the North Sea coffers.

All in all he can be expected to announce a total of rather less than £1.5bn room for manoeuvre in borrowing terms.

However measured, it is pretty small. He could use it all up simply by raising income tax allowances and thresholds by 8 percentage points more than the rate of inflation (a total of 13 per cent). At least some rise in the real value of allowances is the most certain bet for a Budget which has been shrouded in almost obsessive secrecy.

To give himself scope for some wider tax reforms and an unemployment package, the Chancellor will be greatly tempted to look for extra sources of revenue. Last year's Budget provides the model for a further widening of the coverage of Value Added Tax, with perhaps some new tribute raised from pension funds and building societies. To minimise the outcry he will try to get small amounts from lots of different sources.

- Minor extensions to VAT to include, perhaps, new construction, luxury goods, newspapers (unlikely) books (very unlikely). Unfortunately the easy targets were knocked off last year.
- Technical changes to VAT. This is very much in the Chancellor's line if he can find any good wheezes, especially if the bill can be deferred to next year. A change from zero rating to exempting various categories of goods could bring in a few hundred million, by reducing the amount which companies could claim in VAT refunds. At present, refunds are not paid on exempt goods but only on those classified "zero rated."
- A levy of perhaps 10 per cent on pension fund income. This could net between £400m and £800m in the first year depending on how the funds reacted, but the gain could be substantial over the years. A tax on contributions or lump sums seems much less likely, since the former would raise the cost of employment and the latter would raise little revenue if existing contracts were protected.
- A change of *Building Society* rules to make them pay tax quarterly like banks rather than once a year. This would raise several hundred million.

By scraping out the revenue pot the Chancellor could raise perhaps £700m to £1bn. His main options for How To Spend It are:

Unemployment. A major expansion of the Community Scheme and a future expansion of the Youth Training Scheme, with probably a series of measures to assist small businesses and reference to an inter-departmental enquiry into ways of lightening the dead hand of regulations.

Major Tax Reform. After his success in reforming company taxation in his first Budget, Mr Lawson wanted to turn his attention to personal taxation this year. The most spectacular possibility was a sweeping extension of VAT with attack on the fiscal tax privileges of pension funds and building societies. The prize would have been a large reduction on income taxes to perhaps 25p in the pound, or the equivalent.

However, change with a Big Bang has been ruled out for this year, because of political objections to all the important revenue raising measures.

Capital Taxes. Some tidying up of the over-complex capital gains system is almost certain. The simplest option would be to abolish CGT altogether, except for gains realised within one or two years, which would be treated as income. The cost would be small.

National Insurance. An attractive idea canvassed within the Treasury has been to amalgamate employees' contributions with the income tax system, to try to reduce present anomalies. A low rate of Social Security Tax, perhaps 15 per cent, might be levied. This could reduce the "poverty trap" which puts a large extra tax burden on poor people moving up the income scale.

Income taxes. There are good Conservative arguments for reducing the top marginal rate of income tax from 60 per cent. *But this would hardly be politically acceptable unless there was also a major effort to help* unemployment by reducing wage costs at the lower and incentives to work.

Company taxes. The Chancellor is under strong pressure to make an extra temporary relief to companies by allowing a 50 per cent write-down of capital expenditures for an extra year or two to ease the transition from 100 per cent to 25 per cent announced last year. He will probably think there is a good case for this but only if there is cash left over after his other measures.

Perhaps Mr Lawson's major problem is that with his forthright views and bustling intellectual energy, he has raised our rational expectations of what a Chancellor can achieve. The success of his last Budget took him rather by surprise, and as one weary official said in a brief escape from Purdah: "1984 is going to be a very hard act to follow."

Brane Radovic

LIKELY EXCISE DUTY CHANGES 1985-86

	Current average duty	Price change inc. VAT	First year yield £m
Beer (pint)	17.3p	1.0p	85
Wine (bottle)	63.4p	3.5p	25
Spirits (bottle)	£4.64	25.0p	30
Tobacco (20 cigarettes)	76.2p	3.6p	105
Petrol (gallon)	78.0p	4.3p	210
Derv	65.8p	3.6p	55
Vehicle excise	£90	£5	95
Total rise		4½ to 5½%	605

Source: Treasury.

Letters to the Editor

Profession bashing

From Mr D. Max

Sir,—It was difficult to decide whether your contribution to the current fashion of "profession-bashing" ("Professions must compete too"—March 11) was intended to be taken seriously or was an exercise in irony. If however, a newspaper as eminent as yours is to publish articles which strike at the very existence of most of its readership, some response is surely in order.

Unlike trade unions, which exist solely to protect the interests of their members and which are riddled with restrictive practices inimical to the public well being, professional bodies exist to protect the public by ensuring (so far as practical) that their members are properly qualified to practice in their particular field and by disciplining those whose conduct, by breach of rules laid down by their governing body, harm their clients, that is, the public. It follows that, to achieve a minimum standard consonant with these objectives, the competence of entrants must be adjudged by examinations. In law as in accountancy, the demands of the profession have increased substantially over the past years with the ever-increasing spate of legislation (much of it consumer-orientated) and to claim that "it is not clear that the academic demands of the job have suddenly altered" is simply untrue.

The issue debated in the article is whether the public, urged on by certain pressure groups, wishes to sacrifice professional ethics at the altar of pure commercialism. As Ruskin said, "There is hardly anything in this world that some man cannot make a little worse and sell a little cheaper; and the people who consider price only are this man's lawful prey."

This epithet applies equally to the provision of professional services as to goods. The pressure to reduce the cost of these services by throwing the door open to all, regardless of qualification, can lead only to a decline in standards of integrity and professional morality and this, surely, is not to the benefit of the consumer in the long run. The only barriers to competition are those of competence and willingness to observe ethical standards: remove these barriers and the professions will certainly suffer, but so will their clients.

David N. Max,
17 Grenfell Gardens,
Kenton, Middlesex.

International arbitration

From Mr D. Davies

Sir,—I refer to the letter from Mr Ventris (March 8) regarding arbitration in Paris and the comparison of the cost before three arbitrators under the rules of the International Chamber of Commerce, with arbitration in London before three London maritime arbitrators.

I would like to point out that London maritime arbitration is not even as expensive as mentioned by Mr Ventris; a one-day maritime arbitration in London before three arbitrators would cost about £1,500 (excluding the parties' own legal costs) rather than the £2,500 which is mentioned by Mr Ventris, although I notice that Mr Ventris does say £2,500 at the most. In any event, the difference between the cost of a maritime arbitration in the City of London as compared to arbitration in Paris according to the rules of the ICC is even greater than that cited by Mr Ventris so that, in comparison, London comes out relatively cheap as a centre for such actions.

Donald Davies,
48 Queen Victoria Street, EC4.

Unions' political funds

From Mr K. Makin.

Sir,—Michael Hancock, MP (March 5), has a very peculiar idea of democracy in trade unions and is "out on his own" in his interpretation of some parts of the 1984 Trade Union Act.

Trade union political funds always have been funded by optional payments and whatever the outcome of the review ballot in each union the 1984 Act requires unions to ask their members again whether or not they wish to continue with the optional contributions. The review ballot is designed to allow all members of a trade union to decide whether or not there should be an optional political fund. It is then for the members who choose to contribute to decide where the money is spent. Surely Mr Hancock is not suggesting that people who choose not to contribute should have a say in how the money is spent.

I can understand the SDP's jealousy of the traditional links between the trade union movement and the Labour Party and clearly with the SDP's dwindling membership. It is jealous of the finance the Labour Party receives. It would be far more logical, however, for Mr Hancock to campaign for the continuation of political funds and then campaign for all his members to pay. If there are as many non-Labour supporters in trade unions as is suggested, then he would have nothing to worry about.

The fact is the main reason people pay into an optional political fund is in recognition of the enormously valuable industrial work carried out by Parliamentary committees and trade union-sponsored MPs. The new definition of political activity in the 1984 Act calls into question a large amount of this traditional industrial activity and if any union is silly enough to vote to end its optional political fund, then many campaigns will be illegal or at very least challenged in a whole series of cases through the High Courts. Ordinary trade union members are now well aware that central governmental decisions have an enormous impact on their terms and conditions and job security and this is why most will vote to retain the optional political fund even though many will still choose not to contribute.

Keith V. Makin,
c/o 2, Montefiore Road,
Hove, E. Sussex.

London's rebate

From the Chairman,
Regional Affairs Committee,
London Chamber of Commerce and Industry

Sir,—Lady Porter writes (March 8) of the problems of handling the post-Greater London Council "saving." She anticipates it will not be distributed satisfactorily. Further, she identifies the new rates equalisation mechanism between the boroughs as being the "brainteaser" of the year.

The LCCI has consistently drawn attention to this fundamental flaw in the present proposals. Proposals for London-wide arrangements post GLC are devoid of a mechanism to bring benefits and costs and rate requirements on London ratepayers to a single point of consideration—a "single bottom line."

The current government-generated proposals for the burden on inner London ratepayers for 1985-86 show an increase for the total of GLC, Inner London Education Authority, London Regional Transport and Metropolitan Police precepts from 129.26p to 135.18p before the GLC is even abolished.

A government proposal for a "single bottom line" mechanism within its post GLC arrangements is urgently necessary. Accountability and equalisation are inseparable.

R. M. P. Ludlow,
69 Cannon Street, EC4.

Capital gains tax

From Mr B. Green

Sir,—On a business trip to England I was attracted to Mr Clive Wolman's "Capital gains tax reform" (March 2). Mr Wolman lightly touches the heart of the matter — but, unfortunately, stops short.

He says "... difficulties arise because the capital value of most assets . . . represents no more and no less than the future stream of income they are expected to yield." Mr Wolman notes, apparently sadly as far as he is concerned, that "if capital gains are tax free, the investor can sell immediately and pocket his gains intact." On the other hand, the future income he would have received had he held the asset would have been taxed.

Mr Wolman should have continued his reasoning: If capital gains are taxed, the future stream of income is taxed twice—once to the seller at sale and over the years to the buyer! If capital gains are taxed at, say, 30 per cent, and income at 70 per cent, it could be said that only the government received the income. (I realise that my critics will point out that only the gain is being taxed but consider all holders and transferees of the same asset, or consider the entrepreneur who starts from virtually nothing and builds a large capital value over many years. It is evident that the sum of the gains tends to equal the total value of the asset and my point remains valid.)

Capital gains taxes are wrong by all standards of a proper tax. As above, it is double taxation. It is really a tax on capital which, if taxed, eventually disappears, as opposed to income which is continually replenished.

The sole reason for capital gains tax is to appease those who have no capital gains to tax, who believe it to be income, and who would not understand the reasoning above.

There is a case for taxing short-term gains, especially when made by persons whose business is to buy and sell assets and who, if short-term gains were not taxed, would escape tax entirely. Perhaps we should call such gains commissions (which they certainly resemble) and tax them as any other income.

There is, however, no valid economic reason to tax pure capital gains.

B. J. Green,
2201 King College Road,
Bristol, TN 37620, USA.

Relying on late trains

From Mrs L. Cordingley

Sir,—With reference to the letter (March 12) concerning the punctuality of BR trains, I would like to say that, as the devoted wife of a long-distance commuter, I daily meet trains which I rely on being late thus giving me the perfect opportunity to read the FT. I now get quite peeved when the occasional train arrives on time and I'm mid-article.

(Mrs) Louise Cordingley,
82 School Lane,
Caverswall,
Stoke-on-Trent, Staffs.

Watching the dots

From Mrs S. Pugh

Sir,—As a humble commuter on Southern Rail, I would like to add to a recent letter from Mr B. H. Fish (March 12) on the subject of British Rail's "dotty posters."

While it is pleasing to see more black dots than red, I would like to know (using the same system perhaps), how many dots there would be for cancellations? If Southern Rail is anything to go by, it will make interesting viewing!

(Mrs) Sarah L. Pugh,
121 Humber Road,
Westcombe Park, SE3.

BASE LENDING RATES

A.B.N. Bank	14 %	Johnson Matthey Bkrs.	14 %
Allied Irish Bank	14 %	Knowsley & Co. Ltd.	14½%
Henry Ansbacher	14 %	Lloyds Bank	14 %
Amro Bank	14 %	Edward Manson & Co.	15 %
Associates Cap. Corp.	14 %	Meghraj & Sons Ltd.	14 %
Banco de Bilbao	14 %	Midland Bank	14 %
Bank Hapoalim	14 %	■ Morgan Grenfell	14 %
BCCI	14 %	Mount Credit Corp. Ltd.	14 %
Bank of Ireland	14 %	National Bk of Kuwait	14 %
Bank of Cyprus	14 %	National Girobank	14 %
Bank of India	14 %	National Westminster	14 %
Bank of Scotland	14 %	Northern Bank Ltd.	14 %
Banque Belge Ltd.	14 %	Norwich Gen. Trust	14 %
Barclays Bank	14 %	People's Tst & Sv. Ltd.	15 %
Beneficial Trust Ltd.	15 %	Provincial Trust Ltd.	15 %
Brit. Bank of Mid. East	14 %	R. Raphael & Sons	14 %
■ Brown Shipley	14 %	P. S. Refson	14 %
CL Bank Nederland	14 %	Roxburghe Guarantee	14½%
Canada Perm'nt Trust	14 %	Royal Bank of Scotland	14 %
Cayzer Ltd.	14 %	Royal Trust Co. Canada	14 %
Cedar Holdings	14 %	■ J. Henry Schroder Wagg	14 %
■ Charterhouse Japhet	14 %	Standard Chartered	‖14 %
Choulartons**		Trade Dev. Bank	14 %
Citibank NA	14 %	TCB	14 %
Citibank Savings	‡12¾%	Trustee Savings Bank	14 %
Clydesdale Bank	14 %	United Bank of Kuwait	14 %
C. E. Coates & Co. Ltd.	14½%	United Mizrahi Bank	14 %
Comm. Bk. N. East	14 %	Westpac Banking Corp.	14 %
Consolidated Credits	14 %	Whiteaway Laidlaw	14½%
Co-operative Bank	*14 %	Williams & Glyn's	14 %
The Cyprus Popular Bk.	14 %	Wintrust Secs. Ltd.	14 %
Dunbar & Co. Ltd.	14 %	Yorkshire Bank	14 %
Duncan Lawrie	14 %		
E. T. Trust	14½%		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	14½%		
■ Robert Fleming & Co.	14 %		
Robert Fraser & Ptns.	14½%		
Grindlays Bank	†14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		
Heritable & Gen. Trust	14 %		
■ Hill Samuel	§14 %		
C. Hoare & Co.	†14 %		
Hong Kong & Shanghai	14		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1 month 11.75%. Fixed rate 12 months £2,500 11.75%, £10,000 12 months 12.00%.
† 7-day deposits on sums of under £2,000 11%, £2,000 up to £10,000 12%, £10,000 up to £50,000 12½%, £50,000 and over 12¾%.
‡ Call deposits £1,000 and over 11%.
‖ 21-day deposits over £1,000 12¼%.
¶ Mortgage base rate.
§ Demand deposits 11%.
** See Provincial Trust Ltd.

David Goodhart talks to Eddie Shah, who is planning Britain's first non-union national paper and (below) **Sue Cameron** looks at other Fleet Street moves

An industry 'ripe for the taking'

EDDIE SHAH is back in town. The Warrington-based free-sheet entrepreneur bas begun to unveil part two of his near single-handed project to revolutionise the British newspaper industry.

Part one—the successful shedding of the National Graphical Association from his Messenger Newspaper Group 18 months ago—sent deep tremors through the industry and the union movement in the first major test of the Government's employment laws.

But when the cameras turned away from the picket line clashes and the cbubby, publicity-conscious, businessman, the NGA set out to limit the damage. The non-union, high-tech wave has not so far carried all before it in the provincial Press and Mr Shah went back to fighting an advertising discount war with his weekly rivals.

His victory over the print union had, however, left him with a taste for the high politics of the industry and confirmed his radical, provincial, contempt for Fleet Street unions and proprietors.

So why not go for the real prize—a non-union national newspaper printing outside London and using the very latest electronic technology? After all, had he not already done once what all the "experts" said was impossible?

Grudgingly, senior figures in the newspaper industry are accepting—with some major reservations—that he *can* do it. As long as they remain excluded the unions will have very little leverage although the logistics of the independent distribution system and the appeal to advertisers could be a problem. All eyes are once again on the Shah of Warrington.

The idea was first suggested about a year ago when Mr Shah bumped into a Fleet Street editor in the Savoy Grill. "He said have you thought about a seven-day national. I said no but then did some sums on the back of a cigar pack flying back to Manchester and was amazed how good it looked."

Thus began a secret year dedicated entirely to travelling, planning and money-raising. From the cigar pack the figures went to his accounts department and some time later to a thorough £30,000 audit by Manchester-based auditors Elliott, Templeton and Sankey. Mr Roy Dickinson, managing director of Cumberland Newspapers, provided the idea of the franchise-based local distribution system. A small group of Fleet Street Shah supporters added insight and encouragement.

A polite but negative reaction from a leading merchant bank stimulated his anti-establishment nerve endings, so he gave the financial organising role to his auditors and went out to raise the money himself. "I was appalled by most people I saw in the City. They are as bad as the unions in the way this country is run."

Just over a month ago the final batch of investors was secured bringing the total raised to just over £20m. The investors—Mr Shah refuses to name any of them — include some banks and a few big names, but a lot has come from venture capital funds and there is not a pension fund or insurance company to be seen.

New technology is a central pillar of the enterprise. A £2.5m front-end "direct-input" system has already been ordered for the Westminster editorial offices as have £7m worth of presses made by Mann Roland of West Germany for the satellite printing plants (there will probably be five). In addition to direct input and page make-up on screens, the latest "straight to plate" techniques will be used, cutting out a paste-up operation as well as a composing room.

Without union-controlled manning levels, he is talking about as few as 10 men per press and a total staff of about 500 (including 300 self-employed local distribution franchise holders). Express Newspapers producing a 2m circulation daily and 2.5m Sunday has about 6,000 employees.

But Mr Shah insists that he has not fallen into the trap of thinking new technology alone will ensure success. Almost as important will be the editorial novelty of the paper — provisional title Messenger — and in particular the full use of colour.

Mr Shah's TV background (he was once a producer on Coronation Street) is important here. He takes a great interest in colour and graphic TV-style presentation of news and describes, for example, how racing coverage could be enhanced by little logos of the stable colours next to the horse's name so the punters watching colour TV will spot their horses at once. "Papers are just about the only thing left in black and white—break into colour and how drab the rest will look."

Gathering the right 140-strong editorial team for such an unusual publishing enterprise is the crucial next leg of the exercise.

"I'm dead without a good editor," he admits. The candidate is likely to be—like Mr Shah — an ambitious outsider eager to upset the metropolitan apple-cart, probably a successful young provincial editor.

Mr Shah stresses the paper will not have a "narrowly political" line although its sympathies—like his own—are likely to span a spectrum from the SDP to the centre of the Tory Party.

He has a genuine interest in the greater Press diversity that should follow any successful experiment in slashing the costs of entry to national newspapers. This puts him in the unlikely company of many on the political Left.

He relishes the prospect of other businessmen or groups of journalists following in his path. "We're going after an industry that's just ripe to be taken. It just needs one guy. And after me there will be more and more people doing their own thing—that's when Fleet Street will really feel the pinch. All their talk of moving will just exchange a Fleet Street problem for an Isle of Dogs problem."

But if Mr Shah is successful he will have done the Fleet Street proprietors a big favour. For the independent distribution system—which will be available to other new starters—is the key to humbling the Fleet Street unions.

He still says publicly that he would like to go through the existing wholesalers. But it is pretty obvious that he will be blacked by the unions—at least in the major cities—and anyway would probably prefer total independence.

The print plants will all be close to major population centres and road systems and a 50-60 strong fleet of lorries will be shifting copies through the night to the franchise holders who then deliver to newsagents. There is very little that Sogat—the main distribution union—can do about that except threaten not to deliver any other papers to newsagents that accept the Shah product. The union would then run up against a law that Mr Shah has not been shy to use before.

Franchise holders will probably pay a deposit to News (UK) Limited and will then have their performance strictly monitored. If they deliver they stand to pick up £250 to £300 a week.

Sceptics point out that there are about 35,000 retail outlets in the UK. But Mr Shah is planning to lure the newsagents with a big cover price cut to persuade them to take on a new set of accounts. In addition the paper will not, initially, circulate in Scotland and some of the big city circulation will be done by the company itself from the printing plants.

The other main problem area is advertising. Mr Shah is planning a 50:50 split between advertising and cover price (17p) income with about 38 per cent of space devoted to advertising. Some observers see that as wildly optimistic for a middle-range tabloid on a circulation of—at best—1.2 to 1.4m.

Mr Shah is again ready for the doubters. Not only will his advertising rates be 25 per cent of the present norm but he will attract a new class of advertisers into national papers.

Mr Shah has built up a successful freesheet business, but he is not invincible. The collapse of a book-publishing project is a recent reminder. But whether it lasts six months or 60 years the new paper *will* be launched—of that there can be no doubt.

Newspaper seeds that may never bloom

SPRING HAS arrived early in Fleet Street this year. Britain's national newspaper industry is suddenly bubbling with talk about plans to launch a string of new titles in the coming months.

Mr Rupert Murdoch's News International group is planning to start a new London evening which would be quickly developed into a 24-hour paper whose morning editions would be sold nationwide.

Then there is Mr Eddie Shah whose plans are described above.

The seemingly irrepressible Mr Robert Maxwell, whose Pergamon Press bought Mirror Group Newspapers from Reed International last year for £113.4m, has plans to start a free London evening. And Mr Clive Thornton, who left MGN the morning after Mr Maxwell moved in, is working on plans for a left-wing national Sunday newspaper.

Over the past few years two national papers have been launched in the UK: Associated Newspapers' Mail on Sunday; and Express Newspapers' Daily Star. Both increased their circulation last year—the Star by 16 per cent—and each now sells over 1.6m.

But while the figures suggest that readers can be found if the product is right, the bad news is that both papers are still losing money. Guesstimates as to how much the Mail on Sunday may have lost when it was launched and then almost immediately relaunched in 1982 are put as high as £20m, though losses are running at lower levels now and the paper may break even next year.

The conclusion seems to be that new newspapers—certainly those produced in the traditional Fleet Street manner—can expect a long haul before they make a profit.

The newspaper industry is taking some people's plans more seriously than others. Mr Murdoch and Mr Shah are being watched with interest, Mr Maxwell with an almost triumphant disbelief. And nobody seems to be regarding Mr Thornton much at all.

Mr Murdoch's News International and its News Group Newspaper subsidiary is by far the biggest and most experienced in the field. But News Group has an ulterior motive.

It has just spent some £72m on a new plant in London's Tower Hamlets where it plans to switch the printing of its existing News of the World and Sun newspapers — if agreement can be reached with the unions. But even then—and negotiations have been dragging on for over two years now—the plant would be idle during the daytime.

News Group intends to spend an initial £10m on its paper, which will be called the London Post. The company's managers say that when they've "got it right," they will turn the Post into a 24-hour paper selling nationwide. At present there are no true 24-hour newspapers with morning and evening editions in Britain but the concept is well established in the U.S. Cost advantage is that the evening editions have all the resources in terms of staff and promotion of a national daily—and a 24-hour package may also appeal to advertisers.

Which brings us to London's sole remaining evening newspaper, the Standard. Mr Bruce Matthews, the Antipodean managing director of both News Group and News International, says there is room in the market for both a new London Post and for the existing Standard.

Thirty years ago London supported three evening papers with a combined circulation of 3.8m, but today the Standard's sales hover around the 500,000 mark in the first half of the year and fall below it in the second half. Some would say these figures back up Mr Matthews' contention. But the Standard, whose circulation has fallen steadily since it was merged with the Evening News in the autumn of 1980, says the London market cannot support two evening papers.

Mr Maxwell has been talking about starting an evening paper in London ever since he became the publisher of Mirror Group Newspapers. The latest word from MGN is that he has put the project on the back burner, but that it is still simmering.

His priority is to introduce new technology so that he can make greater use of colour in his newspapers.

That means Mr Maxwell is unlikely to turn his attention to the launch of a London Evening Mirror—now being planned as a freesheet rather than a paid for — until 1887.

The man whom Mr Matthews regards as "much more intriguing" is Mr Eddie Shah.

But like Mr Maxwell, Mr Shah has no previous experience of running a national daily. And the key question is whether or not he will get his product right.

Mr Shah—again, like Mr Maxwell—is keen on using colour. But Mr Matthews is sceptical.

If Mr Shah's venture is a success, then the existing titles he is likely to hurt most are probably the middle market: the Mail and the Express series plus, perhaps, the Daily Telegraph.

All three papers—like most others in Fleet Street—have a right-wing stance. Mr Clive Thornton and a team of journalists are currently working on plans for a left-wing Sunday paper. With some help from trade unions, they have raised £70,000 to produce a dummy paper that is due to be ready by the summer. They reckon they will need £3m to £4m to launch the paper itself which Mr Thornton believes should be a "good, quickish read which won't include bingo and naked women."

Joan Gray reports on the UK housing market

Thatched detached in Milton Keynes

NOTHING symbolises the way the market for new houses in Britain has changed so much as the bubble of a jacuzzi or the grunt of an executive on an exercise bicycle.

For a while, two years ago, the big house-builders were all relying on selling small, cheap starter homes to first-time buyers to fuel their growth. Now the talk is all of moving upmarket and appealing to the more affluent purchaser who is moving house for the second or third time.

"The starter home market has diminished, and now builders are having to concentrate on producing different products aimed at a more quality-conscious market," said Mr Roger Humber, director of the House-Builders Federation. "They have got to persuade people to move and trade up their house like they would trade up their car or their washing machine."

Britain's three biggest house-builders are all cutting their production of starter homes.

Barratt—still the biggest, with a planned output of 13,500 houses a year, and the company which pioneered the market for small cheap houses and flats for first-time buyers—is cutting its output of starter homes from 75 per cent of its output two years ago to between 50 and 55 per cent this year and between 40 and 45 per cent next. Wimpey Homes, George Wimpey's housebuilding company which, with a planned output of 10,000 houses this year is Barratt's closest rival for the title of Britain's biggest housebuilder, is also cutting the proportion of starter homes it builds, from between 70 and 75 per cent of its output last year to 60 per cent this year.

Tarmac, Britain's third largest housebuilder, with plans to build 8,000 houses in 1985, is cutting its output of starter homes too.

There are two main reasons for this shift: the high price of land—which at between £250,000 and £750,000 an acre now accounts for up to 40 per cent of the cost of a house in the South East—and low wages and high unemployment which have hit first-time buyers particularly hard.

The change in the pattern of housebuilding is also tied to the changing pattern of Britain's population. Figures from the Government's Office of Population Censuses and Surveys show that three distinct sectors of the population are growing.

The first growth sector over the next decade is the 30-44 age group—people who were first-time buyers and are now in the trade-up market; the second is the 85-pluses—who form the builders' new "active retirement market"; and the third is women aged 75 and over, who form the bulk of the growing market for private sheltered housing.

The shift up market comes at a time when the number of private sector houses is broadly in line with population needs.

The real shortage of housing is in the public sector, where the number of new homes completed each year has fallen sharply.

It is this changing picture of the house-building market which underlies Barratt's strategy in its shift away from first-time buyers to the more affluent trade-up buyers and to homes for retirement.

Barratt's new emphasis on up-market homes is a dramatic shift from the company's previous "pile 'em high and sell 'em cheap" policy.

"We are now concentrating on London and the South-East, pulling out of low-population, high-unemployment areas and building where people most want to live and can afford to buy what they want," said Mr Alan Rawson, chairman of Barratt Southern.

Barratt's stand at the Ideal Home Exhibition emphasises the new image with pictures of the dovecot at its Rosslyn Park development in Weybridge, Surrey; of the 20 faithfully reproduced Georgian houses with electric security gates at Dulwich in South London; and the riverside views and rooftop gardens of its luxury London dockland flats.

Wimpey Homes is also trying to appeal to more affluent buyers. The company is increasing the proportion of three- and four-bedroomed detached houses on each development, and is paying more attention to what Mr Nelson Oliver, Wimpey Homes chairman, describes as "kerbside and elevational appeal."

Mr Oliver admits that Wimpey was still building too many three-bedroomed semis when Barratt was leading the way with starter homes.

But Wimpey Homes has now learnt that it must respond to the consumer to the extent that Mr Oliver is acutely aware that a "show house gets out of date in 12 months."

The company is launching three "house types tailored to different lifestyles" at the Ideal Home exhibition: a sloping-ceilinged one-bedroomed house with its bedroom on a balustraded gallery; a two-bedroomed bungalow for the next step up the ladder; and a four-bedroomed house with jacuzzi and small gym for the executive family for whom fitness is a fashionable way of life.

The house-builders are also turning to the elderly in their search for sales. Building private sheltered houses and flats is already a recognised market, but both Barratt and Wimpey are now turning to "up-market retirement homes." Wimpey is looking round London for a site for its first "luxury retirement" development of flats which would sell at £100,000 and more.

Mr Oliver's plan is that by the end of the decade, retirement homes will account for 20 per cent of his total output, with the rest split between 40 per cent starter homes and 40 per cent trade-up homes.

Barratt plans to increase its output of retirement homes to 10 per cent of its total output from the present 5 per cent, and other builders such as Wates, Lovell, Laing and Sir Alfred McAlpine are all looking to the elderly for sales.

But there are dissenting voices. "Focussing on demographic sectors is just not one of our policies," said Mr Philip Warner, chief executive of Bovis Homes, who build 2,857 houses last year with an up-market average selling price of £54,000.

"We never went into the starter home market in a big way because we were doing very nicely without diving into the same market as everybody else, and retirement homes is another classic bandwagon."

Meanwhile, the other builders continue their search for features to appeal to the affluent and mobile discretionary buyer. Latest offerings include Charles Church's four-bedroomed Country-Style Keepers Cottage built of brick and flint; Bellway's high-tech high-security homes; and Potton's Heritage range of Elizabethan-style timber-framed cottages complete with real structural beams. And Bovis has not only reincarnated 1930s-style luxury Mock Tudor, but is also building thatched detached in Milton Keynes.

A Personal View

Some confessions of an Expo hater

By Jurek Martin in Tokyo

IT'S LONELY in Japan this week, and not only because of the tax-filing deadlines. I must be the only foreign journalist who has not been to Tsukuba. Not only have I not been there, I do not even particularly want to go to Tsukuba. This makes me every unpopular, even unpatriotic, though I was not Japanese the last time I looked.

There are lots of reasons why I do not want to go to Tsukuba: I do not want to be told by a machine how I like my coffee, when I know how I like my coffee; I do not want to look at a television set the size of four tennis courts when I have to hustle to find a real tennis court in Tokyo; I do not even want to gaze on a tomato "tree" 10 ft in diameter, bearing 10,000 tomatoes, when the net haul from my balcony has been five measly ones in two years.

Most people outside Japan have probably no idea what I am talking about, but in Tokyo, Tsukuba, which happens to be 50 km north of here, seems to be ubiquitous. Anyone touching down at Narita airport or taking a stroll through the Ginza is confronted with digital clocks showing the "countdown to Tsukuba" and today, Saturday, they are all showing zero.

For Tsukuba—or, to give it its full cumbersome and pretentious title, "Tsukuba Expo' 85: dwellings and surroundings—science and technology for man at home"—is Japan's third contribution to what is becoming an increasingly inglorious line of international expositions (remember Knoxville and New Orleans?) which are being foisted on an unsuspecting world for no good reason.

There used to be good reasons for expositions, from Crystal Palace and Paris in the last century all the way through to Montreal in 1867, which I much enjoyed. What they did was to bring home to the general public what mankind had achieved in sometimes obscure, but important, fields in distant parts of the globe; and a lot of things were wondrous to behold, like the Eiffel Tower and a moon rock (even if that was 1970).

What they seem to be now is an unappetising collection of commercial self-glorification, pseudo-nationalism and irrelevant techno-dazzle. Japan, I am sure, does not intend the first two to apply, though it is hard to justify a pevilion by a coffee company whose motto is "good day, nice friends" and it is a little difficult not to be aware of the juxtaposition of munificently endowed domestic displays with more modest foreign ones. There were even rumours, denied of course, that the Japanese organisers considered suggesting to the UK that an appropriate example of British technological prowess might be a model of Stevenson's Rocket.

But, to judge by the literature that now stands two feet high and rising on my desk, it is the techno-dazzle bit that bothers me most. Leaving aside the absurdity of a robot which sketches portraits (has not the Sistine Chapel just been re-opened in its full glory?), it is as if Tsukuba's ultimate achievement is to reduce almost everything to a video screen and then package what is shown for "family entertainment."

So we have—wait for it—the Sony JumboTRON, the IBM Japan Dome Screen and Spherical Screen, the Toshiba Showscan, the Hitachi "unique revolving theatre system," the NEC Super Multi-Screen, and even something called the Gas-rama.

Almost everything is reduced to a video screen at Tsukuba

Mind you, some of it sounds fun. Consider this description from TDK's Metamorphosis Theatre. "You will fly (on a screen, of course) with an insect's compound eyes. With the eyes of a fish you will swim with trouts (sic) and see the outside world from within water. Then with a bird's eyes, you will fly into the sky and over a mountain, and zero in on a fish in a river. With a horse's eyes covering a wide field of visoin, you will run in a meadow with other horses. Images unfolding on large screens will enable you to have experiences you could never expect in your human life." Quite useful, if you think about it, or not, as the case may be.

The TDK Pavilion, the brochure goes on, "is marked by originality." But, knowing that the Japanese are not too fond of "bokkus," TDK carefully warns: "Among surprises elaborately planned for the show is the appearance of a real horse on the stage." Whoah-there!

The Japanese Gas Association's pavilion, not to be outdone by UCC Coffee, features a restaurant with the original motto "good cooking, good living." It, too, has a film show; "intriguing eating habits in various districts will unfold one after another — the world's finest French dinner in an ancient castle in suburban Paris (has Versailles been rented out?) Scandinavian fishermen making smoked trouts (sic again) in the snow . . . you can enjoy a unique sequence of images as if you are turning the pages of a picture book."

Then there is the Electro-Gulliver ship from the electric power pavilion, which takes riders on a "wonderful trip which is so breathtaking" through the elements. A friend who took a trial run said it reminded him more of Disneyland's "Ride on Space Mountain."

In all fairness—though this article has no pretensions to it—it should be pointed out that the Japanese Government, which has forked out £2bn to put this show on the road, reckons to get more out of it than the Expo's six-month run. Most of its money has gone to putting in the infrastructure that will sustain some longer lasting Tsukuba facilities, like its university and its science city (though the private word already is that the faculty doesn't like the place and its members are forever sneaking off back to Tokyo).

If I can get away with it, I won't even venture to Tsukuba, and not because it will probably take four hours to cover the last two miles. That may be difficult, though. This week alone, I have received invitations to go by train, road, helicopter and boat (puzzling, since it is inland): while writing this I have been advised of a journalistic code of conduct concerning aerial photography (look out for the JumboTRON) and that the Republic of Vanuatu has decided to participate. Me? I am going back to Disneyland. Mind you, if Electro-Gulliver is that good, I could stretch principle, I suppose. That is, if, by then, this article has not caused me to be deported.

BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	7.50	8.50	8.75	Seven-day account
			9.25	Higher interest acc. 90 day's notice or charge
			6.25-8.75	Cheque-Save
Aid to Thrift	9.60	—	—	Easy withdrawal, no penalty
Alliance	7.50	8.50	8.75	7 days' notice. Immed. wdl. if balance £2,500+ Int. pd. ½-yrly., mthly. inc. optn. if bal. £1,000+
			9.25	Bank save. Balance of £2,500. Current account
Anglia	7.50	8.50	8.25	3-year bond. No notice, 3 months' penalty
			8.25	Capital share. No notice, 1 month's penalty
			8.75	7 days' notice. No interest penalty
Barnsley	7.50	8.25	9.50	2-year termshare—3 months' notice
			9.15	Special investmt. share/monthly income share
Bradford and Bingley	7.50	8.50	8.00	Premium access. On demand, no pen. £1,000+
			8.25	High income. 3 months' notice or 90-day pen.
Bristol and West	7.50	8.50	8.50	Plus a/c £1,000+. No notice. No penalty
			9.45	£20,000+, 9.20 £5,000+, 8.85 £1,000+, 7-day notice Triple Bonus. Also Monthly Income
Britannia	7.50	8.50	8.90	7 days' notice, 9.15 28 days' notice
Cardiff	8.00	8.10	8.50	90 days' not. Penalty if balance under £10,000
Catholic	7.80	8.80	9.30	Extra share. Interest monthly. Maximum 8.78
Century (Edinburgh)	8.85	—	9.30	Permanent 2/3 years or variable
Chelsea	7.50	8.50	9.75	Immed. withdwl. int. pen. or 3 months' notice
Cheltenham and Gloucester	—	8.50	—	Gold. No not. No pen. Under £1,000, 7.50; Over, 8.00; £5,000+ 9.38 when monthly int. added
Citizens Regency	7.75	8.00	9.15	7 days, 8.25 1 month, 9.50 3 months
City of London (The)	7.75	8.00	9.50	3 months' notice—no penalty—monthly income
			9.20	21 days' not. im. access for amnts. over £10,000
Coventry	7.50	8.75	9.75	2-year bond £1,000+, close 90 days' notice and penalty, monthly inr. opt., guaranteed 2.25 diff. Moneymaker inst. acc. no pen. 9.45 £20,000+, 8.20 £5,000+, 8.85 £1,000+ monthly inr. opt.
Derbyshire	7.50	8.75	9.50	2 y., 3 m. not. with pen. 8.75 no nt./pn. m. inc.
Gateway	7.50	8.50	9.00	Gold star £1,000+. No notice. No penalties. Monthly int. £5,000+ 9.38 if added to account
Greenwich	7.50	—	8.50	90-day a/c (7-day a/c 8.75-9.25 subject to bal.)
Guardian	7.75	—	8.85	8 months, 9.60 3 months, £1,000 minimum
Halifax	7.50	8.50	8.75	7-day Xtra, 7 days' notice, no penalty
			8.00	28-day Xtra, 28 days' notice, no penalty
			9.25	90-day Xtra, 90 days' notice, no penalty
Heart of England	7.50	8.75	8.25	90-day notice, 8.75 5-day notice
Hemel Hempstead	7.50	8.00	9.75	90 days. 9.50 60 days. 8.25 28 days
Hendon	8.00	—	9.50	7-day account, minimum £500
Lambeth	7.65	8.75	8.20	7-d. a/c, 8.80 Magnum a/c 6 wks. + loss of int.
Leamington Spa	7.60	—	9.10	Spa mthly. income, no not., no pen. £5,000 min.
			9.75	High flyer, no notice, no penalty, £10,000 min.
			9.65	Supershare, no not., 14 days' pen. £2,000 min.
Leeds and Holbeck	7.80	8.25	9.00	Monthly interest, 9.25 28 days' notice or pen. neither if £10,000 still in account
Leeds Permanent	7.50	8.50	8.75	Liquid gold. No not. no pen. (9.00 on bal. of £2,500+) HRAS 10th issue 9.25 3 months' not.
Leicester	7.50	8.50	8.85	£500+ im. wdl. no pen. 9.73 c. m. 1 yr. £2,000+
London Permanent	8.00	—	8.50	60 d. not. or imm. wdl. no pen. if bal. £7,500+
Midshires	7.50	—	9.50	60 d. not. or pen. No not./pen. if bal. £10,000+
Mornington	*8.30	7.80	9.03	£2K, 9.25 £2K+, 9.35 £10K+, 9.5 £20K+ *£2K—
National Counties	†7.80	8.80	9.80	80 days' notice, no penalty. † £1,000+
National and Provincial	7.50	8.50	9.50	APEX (+2% gtd. 3 yrs.) im. wdl. 60 days' pn.
			9.25	90 days' notice/pen. unless bal. stays £10,000+
			8.00	28 days' not., 8.75 7 days' not./penalty as above
Nationwide	7.50	8.50	9.25	Capital bonds, 3 yrs., 90 days' notice/penalty
			9.25	Bonus-90, 90 days' notice/penalty
			9.00	Super bonus, 28 days' notice/penalty
			8.75	Bonus-7, 7 days' notice/penalty
Newcastle	7.50	8.75	9.25	90 days' notice, 9.00 28 days' notice
			8.50	7 days' notice. On demand with penalty
			9.75	2-year term access with penalty
Northern Rock	7.50	8.75	8.50	Moneyspinner plus £20,000 or more
			[illegible]	Moneyspinner plus £5,000 or more
			9.00	Moneyspinner plus £500 or more
Norwich	7.50	8.75	9.05	7-day share monthly income option
Peckham	8.25	—	9.25-9.75	imm. wdl. if over £2,000. Monthly income
Peterborough	7.50	8.80	9.50	Flexi-plus 60 days' notice monthly income
Portman	7.50	9.25	9.10	Flexi-plus. Minimum £500. No notice imm. wdl.
			9.50	Prem. Min. £500. 2 months' notice. No penalty
Portsmouth	7.65	9.15	9.80	3 years, 9.60 90 days, 9.35 30 days, 8.05 7 days
Property Owners	8.00	9.50	9.50	3 mths., 9.50 6 mths., 9.35 28 days, 9.25 im. ac.
Scarborough	7.50	8.75	9.50	2-yr. limited share. 1.75 guaranteed differential
Skipton	7.50	8.75	9.70	Sovereign £10,000+, 9.35 £500-£9,999. Monthly inc. 9.35, min. inv. £2,500. Inst. access no pen.
Stroud	7.50	8.75	10.00	2 yr. term: not. a/c with mthly. inc. opt. 9.30 90-day, 9.05 28-day
Sussex County	7.50	9.00	8.80	7 days, 9.10 Sussex high, 9.40 90 days
Sussex Mutual	7.75	9.00	9.15	Over £5,000, imm. wdl. Under £5,000, 7 d. not.
Thrift	7.60	—	8.60	3-year term. Other accounts available
Town and Country	7.50	8.50	9.50	90 d. not. or pen. No not./pen. if bal. £10,000+
			9.00	7 d. not. or pen. No not./pen. if bal. £10,000+
Wessex	9.25	—	—	No notice—no penalties—minimum invest. £1
Woolwich	7.50	—	9.00	Prime—no notice, no penalty, minimum £500
			9.00	Monthly increase shares, 28 days' notice
			9.25	Capital, 90 days' notice/penalty
Yorkshire	7.50	8.50	9.25	Diamond key, 28 days' notice or 60 days' pen.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

Bass and Horizon forge link in Mediterranean

BY ALEXANDER NICOLL

Bass, the brewing and leisure group, is taking a 15 per cent stake in Horizon Travel as part of a deal establishing a joint venture to pool some of their Mediterranean holiday interests.

Bass wil funnel 10 holiday clubs in Spain, Italy, Greece and Morocco into the new 50/50-owned company, and Horizon wil contribute al of the facilities it currently owns in Spain: three completed hotels, and a hotel and two apartment complexes which are stil being developed.

The venture wil lhave a total of 10,700 beds, and will be financed in the near term with a £12.2m cash injection from Bass.

To balance the two companies' contributions, Horizon will issue to Bass 7.47m new shares at 135p each, 15 per cent of the enlarged capital. Horizon's shares responded positively yesterday, gaining 13p to 145p.

Horizon, Britain's third largest tour operator, has been the subject of unwelcome approaches, and Mr Bruce Tanner, chairman, said yesterday that it was happy to have Bass as a shareholder and that it had received "fully satisfactory assurances about the maintenance of our independence." Bass will appoint a director to the Horizon board.

The value of the net assets to be transferred, excluding the cash, is £16.9m from Bass and £8.9m from Horizon. The venture will have two directors from each company.

Mr Tanner said it had been Horizon's strategy to expand the holiday capacity owned by the company in the Mediterranean. "This enables us to achieve it much more quickly than would have been possible on our own."

Mr Ian Prosser, Bass vice-chairman and managing director, said Horizon would bring expertise as a tour operator which Bass lacked. The brewer will cease to operate tours itself after this summer, and Horizon will become responsible for operating tours to all the venture's sites.

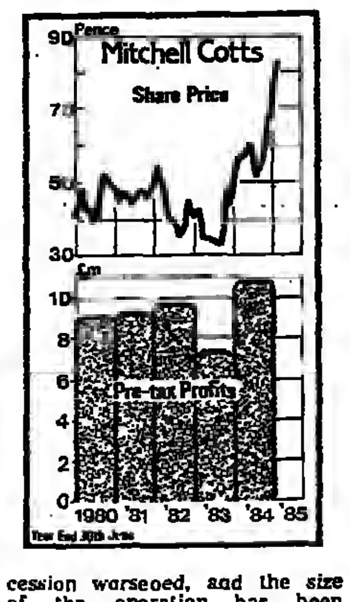
● A close rival of the two companies, Intasun Leisure Group, yesterday announced an agreement to buy its first hotel. It is paying £7.5m for the Barbican City Hotel, in London. The 550-room, three-star hotel is being sold by the Wisepark Group, owned by the Bhimji family.

Mitchell Cotts' £12m cash call

WITH ITS strategy of rationalisations an redeployment of assets largely completed, Mitchell Cotts is now concentrating on expansion, particularly in the UK, and the strengthening of the financial base has become a priority, the directors state.

Therefore, the company is raising some £12.5m net by way of a rights issue. Proceeds, together with money from the intended sales of the few remaining operations which do not have a place in the long-term strategic plan, will give the company the base for the next phase of development. Initially, the rights proceeds wil re applied to reduce borrowings.

The rights offer from this international engineering, transportation and trading group accompanies the results covering the six months ended December 31 1984. These show sales down from £189.4m to £178.2m, but profit before tax ahead to £4.29m, compared with £3.45m. Performance in the UK was on target, there was solid progress in Belgium, and the African-based tea estates attained a good measure of growth. In South Africa, however, the recession worsened, and the size of the operation has been reduced substantially.



The rights issue comprises 19.73m ordinary shares and is underwritten. The price is 66p per share payable in full on acceptance, and the basis is one new share for every four held and 38.75 new shares for every £100 of loan stock. On the present capital the interim dividend is being held at 1.5p net.

● **comment**

With the share price near its highest for years it is not surprising that Mitchell Cotts should decied to take advantage and call on shareholders for extra funds. The group has completed its transition from overseas trader to engineering and transportation, but the benefits which were supposed to arise have been held back by the continuing problems in South Africa. The chairman, does, however, expect the extraordinary item to be much reduced next year. The maintained interim dividend was almost as disappointing as the uninspiring figures for a group which is increasingly considered a yield stock. It will require more exciting resuts before the market will be persuaded of the group's growth potential. It could make £13m to £14m for the year and has a prospective yield of 7.6 per cent at 76p.

Waring & Gillow in the red

DESPITE AN increase in turnover from £43.92m to £46.88m, excluding VAT, Waring & Gillow (Holdings), furniture and carpet retailer, made a pre-tax loss of £408,000 for the six months to September 30 1984, against a £153,000 profit last time. The interim dividend however, is maintained at 0.75p net.

Referring to his statement in September at the last annual meeting, Mr Manny Cussins, the chairman, says he indicated that booked sales were running at a level in excess of 10 per cent ahead of the previous year. But because sales were not accounted for until they were delivered, the half year figures would not reflect this improvement.

However, second half deliveries have benefited accordingly and sales booked in that period to date have continued to show similar increases over the previous year. These factors will be reflected in profits for the year, Mr Cussins states.

He adds that the policy of refitting stores and improving merchandising, by the introduction of more modern styles to complement the established traditional range, has brought about this increase in booked sales, despite reported difficult trading conditions elsewhere in the industry.

For the 12 months ended March 31 1984, taxable profits came out at £314,000 on £93.18m turnover. Dividends totalling 2p net were paid.

Half-year pre-tax profits were after interest charges of £855,000 (£781,000) and exceptional credits of £46,000 (£11,000 debits). The latter comprised profits on the sale of tangible assets less revenue costs arising on the development of retail outlets.

There was again no tax and stated loss per 25p share emerged at 2.62p, compared with 0.55p earnings.

During the year, five new stores have been opened. Four are in England and of these, two are in out-of-town locations—the fifth store is in the U.S. These stores are already trading satisfactorily.

● **comment**

Spread it not abroad, but this time around there may really be a bid for Waring & Gillow. Or possibly not. It all depends on whether a City consortium, apparently with a major retailer, or former retailer at the helm, reveals itself in the next few weeks. In the meantime, by coincidence or not, the company is putting a much brighter gloss on its affairs. It's possible that the debt-laden Waring & Gillow balance sheet might look much better later this year thanks to property sales both in the UK and in the U.S. And forget the first half loss, the second half is likely to be very good, with profits running ahead strongly enough to justify hints that the pre-tax total for the year may be double last year's £314,000. There's no reason to disbelieve this, despite the interminable trading difficulties in the U.S., for the company's operational and financial gearing is so high that it takes only a slight increase on sales to produce a magical impact on the bottom line. In fact, sales are ahead of last year by some 10 per cent, thanks largely to the effect of refitting big UK stores over the past 18 months and replacing traditional furniture with modern collections. But can the present owners take the business much further? More to the point will they want to?

Telephone orders boost Grattan

THE ATALOGUE home shopping operator Grattan has shown a substantial advance in profits for the year ended January 31 1985. They are up from £3.51m to £9.65m, and shareholders are to recieve a final dividend of 2p. This gives them 3p net for the year, compared with 1p paid in each of the two previous periods.

A prominent feature has been the increase in demand for the company's clothing ranges, the directors report. Another key factor of an improvement in sales—excluding VAT they were been the better service to agents and customers, particularly through the telephone ordering service.

For the current year the directors are anticipating a further improvement in profit. It is too early to predict the outcome for the Spring/Summer catalogue, but the encouraging trends of the Autumn/Winter season have continued during the early weeks, they say. Traditional agency catalogue is showing "positive improvement" and the direct catalogues, including Kaleidoscope, are maintaining their growth record.

In the past year all trading names improved their sales: in particular there has been significant growth in the direct catalogues Look Again and You and Yours. These now account for over 20 per cent of sales and this has led to an increase in debtors on which service charge is earned.

The telephone ordering facility was available seven days a week and this enabled Grattan to extend the Christmas trading peak longer, and to be more in line with the High Street. Also the introduction of the tilt tray sorting system resulted in a faster, more efficient processing of orders from the warehouse.

Tax takes £649,000 (£340,000) to leave the year's net profit at £9m (£3.17m) for earnings of 20.2p (7.13p) per share. Last time there was an extraordinary debit of £500,000.

At the year end total shareholders' funds stood at £57.56m, against £49.66m the year before, and borrowings were £29.86m (£26.67m).

See Lex

Chloride disposal

Chloride, the battery maker, has sold its entire 21 per cent shareholding in Sociedad Espanola del Acumulador Tudor, a publicly-quoted Spanish battery company, for £7.4m cash.

Chloride said Tudor was an investment built up over the past 30 years or so which had been sold as part of the British company's attempt to reduce borrowings. Chloride had no management input.

Tudor made a pre-tax profit attributable to Chloride of about £850,000 in the year ended March 1984. The sale has taken place at slightly less than the book value of £8.1m at that date.

House of Fraser

The Al-Fayed family yesterday purchased more than 2m shares in House of Fraser in an effort to consolidate their 51 per cent shareholding in the stores group.

The group paid £8.4m to buy 2,107,500 shares in Fraser, bringing their stake to around 52.5 per cent. The Al-Fayeds paid 400p per share.

Stakis/Dee

The purchase price for 51 off-licences bought by Stakis from Dee Corporation was £5.1m and not £5.7m as reported in yesterday's issue.

Lionel Barber looks at the takeover of two leading publishers

Shake-up in a parochial world

THE BRITISH publishing industry has seen nothing like it in years. Within hours, two of its longest established names, Routledge & Kegan Paul and Hutchinson, revealed yesterday that they are to change hands.

For Routledge & Kegan, the £4.4m bid by Associated Book Publishers, best known for the phenomenally successful Adrian Mole series, marks the end of several years struggle to turn the family business round.

For Hutchinson, which enjoyed a brief and uneasy relationship with its parent, London Weekend Television, the agreed deal with the young and thrusting private company, Century Publishing, should give the business a new lease of life.

"It's a big shake-up in a rather parochial world," said Mr Eric De Bellaigue, a partner and publishing industry watcher at brokers Grenfell and Colegrave. Mr De Bellaigue's comments underline how the somewhat fusty established houses in Britain have had a hard time surviving the cut and thrust of modern day publishing.

Century Publishing is typical of the new breed. It started just three years ago when Mr Anthony Cheetham decided to go his own way after six years with the British Printing Corporation. Mr Cheetham helped set up BPC's paperback venture, McDonald Futura, but left along with six colleagues after the successful takeover of BPC by Mr Robert Maxwell.

"We were refugees in search of a challenge," recalls Mr Cheetham, who raised £600,000 in the City to form Century. Today, Century specialises in illustrated editions (notably the bucolic nostalgia of From Lark-rise to Candleford), health and fitness (headed by the best selling Raw Energy), and computer books. At 41, Mr Cheetham is the oldest manager in the business.

The company was due to be floated on the unlisted securities market in May, but the deal with Hutchinson has altered plans. The new business, to be called Century Hutchinson (with London Weekend retaining a 25

LWT

per cent stake), will aim for a full stock market quote in 1988, to coincide with Hutchinson's own centenary celebrations.

London Weekend says it is delighted with the deal. "We believe we have an excellent mix of established skills and young dynamic management," said LWT's finance director, Mr Peter McNally.

When it took over Hutchinson in 1978, the deal was seen as following loyally the trend of diversification within the major TV companies. Granada TV had aroused envious interest with its new publishing arm and LWT and Harlech followed suit.

It never really came off and those close to the deal say an account of the ensuring relationship between the brash TV people at LWT and the slightly staid publishers at Hutchinson would make interesting bed-time reading.

The Century Hutchinson deal mixes young talent with long established distribution networks and a solid author's catalogue, says Mr De Bellaigue. He is equally enthusiastic about the link-up between Routledge and Kegan and Associated Books.

"They may not have a lot of Hammond Inneses," says Mr De Bellaigue, "but their catalogue really is very good." He describes it as a mixture of "Wind, Body and Soul," a reference to works which range from Eric Partridge's Dictionary of Slang, to a successful new feminist division called Pandora.

Associated Books, which includes authors such as Harold Pinter, Jilly Cooper and Leslie Thomas, also has strong academic publishing interests.

The key however lies in the United States. Routledge and Kegan has a publishing venture in Boston, while Associated Books moved into distribution in New York. Both houses have strong educational catalogues and the United States, says Associated Book's managing director, Mr Michael Turner, is the market to be in. "This is where we want to give the business a big push," says Mr Turner.

Associated, which employs between 1400 and 1500 people worldwide, should be able to give a boost to the smaller Routledge and Kegan, long seen as a possible takeover candidate.

In the past, this appeared to be impossible because of the close control of shares by the Franklin family and the other major shareholder, Camellia Investments, a former tea company which has turned more recently into an investment-holding firm.

The decision to sell came from Routledge's chairman, Mr Norman Franklin, whose family have controlled the company since

1902. He made the approach to Associated some six weeks ago, but only revealed the move to the rest of the Routledge board at 10 pm on Thursday night.

"It has come as a bit of a shock to the board members," said Mr Franklin last night, with a touch of poetic licence. But the family 52 per cent shareholding in Routledge should mean that the bid by Associated is a formality.

"We are going to be allowed to do our own thing in a confined market," said Mr Turner, "rather than being a small company pretending to be a giant."

Kennedy Brookes more than doubled at £2.3m

Kennedy Brookes, the restaurant and leisure group, more than doubled both turnover and pre-tax profits in the year ended October 31 1984.

Turnover for the period jumped by 118 per cent from £12.5m to £27.28m and pre-tax profits were up by 106 per cent to £2.26m, against £1.1m.

Tax took £436,000 (£214,000) and earnings per 10p share were stated up from a restated 15.49p to 20.39p. The final dividend is in effect higher at 0.875p (0.7p adjusted for the scrip), raising the total from an equivalent 1.12p to 1.4p net.

The increased turnover arose from a general increase in trade, resulting both from the refurbishment of a number of restaurants and improved marketing and by the inclusion of Wheeler's for a whole year, the directors state.

The acquisition of Café des Amis and its subsidiaries on the last day of the financial year had no impact on the year's trading.

The progress is expected to accelerate in the current year as the benefits of the group's investment in Wheeler's develops. The current sales trend in a number group looks significantly better, especially Maxim's de Paris where the initial trading was slower than expected.

ICI expands in Australia

BY PAUL HAM

ICI is expanding its fertiliser activities in Australia through an agreed £22m takeover of Incitec, a Melbourne-based fertiliser and chemical group. ICI already owns 45.4 per cent of Incitec.

The takeover will be carried out through an ICI subsidiary in Australia, which will offer two of its own shares or $A2.30 cash for each Incitec share.

CRA, the Australian-based mining group which holds 21.5 per cent of Incitec, has said it would accept the share offer, while Estach, another major shareholder in Incitec, said it would accept the cash.

ICI said yesterday the takeover would considerably strengthen its Australian fertiliser interests. The outlook for agriculture in Australia has improved following the country's recovery from a severe drought

Hawtal exceeds forecast

Hawtal Whiting, engineering and design consultancy group, more than met profit expectations in the year to January 10 1985 with pre-tax profits up 377.6 per cent to £2.11m, against £442,000 a year previous.

At the time of the company's entry to the USM in October 1984, directors forecast a pre-tax profit of not less than £1.9m. Turnover was up 116.6 per cent at £12.92m (£5.96m). There were no extraordinary debits (£29,000) and earnings per share rose to 20.6p (3.2p). The final dividend is 1.5p, in line with forecasts.

The board says the satisfactory result was achieved by an increase in all sectors of the business.

The computer-aided design facilities in which the group made a significant investment during 1984 are fully operational and starting to make a contribution to profits, says the board.

Additional design premises obtained in Coventry last June are in full use. Premises obtained in January on the same site are already operational.

BBA raising £8m to help finance Cape acquisition

TO EXPAND the capital base and ensure that gearing remains at an "acceptable level" after funding the proposed £16m acquisition from Cape Industries the BBA Group is raising some £8.1m net by a one-for-four rights issue at 60p per share.

This was announced yesterday along with full details of the acquisition of the automotive interests of Cape, for which formal conditional agreements have been exchanged, and BBA's preliminary results for 1984 showing profit before tax almost unchanged at £5.41m (£5.51m) despite a near 37 per cent increase at halfway and optimism over the full year.

The collective operating profit of the UK companies dropped substantially and, after allowing for interest charges, they incurred a loss. The prolonged miners' strike had a significant effect on Scandura, while Mintex continued to find trading conditions difficult. The year's dividend is maintained at 1.74p net, the final being 0.9p.

The rights issue will comprise 14.47m ordinary shares payable in full on acceptance. It will be underwritten and be conditional upon the deal with Cape Industries going ahead.

At the end of 1984 shareholders' funds were £47.45m, compared with £46.33m a year earlier, and borrowings represented 54.3 (48.9) per cent of those. A pro-forma balance sheet for illustration purposes shows that shareholders' funds move up to £59.85m after the deal with Cape and the rights issue.

Mr C. M. Fenton, who became chairman of BBA this year, says since 1980 both its and Cape's friction materials business in the UK have incurred losses, as they have been serving a smaller market without a corresponding reduction in capacity. They overlap in a number of areas, particularly in distribution to the home replacement market; but rationalisation will produce a stronger business.

BBA has made considerable cost savings but it is unlikely that this alone will be sufficient to produce an acceptable level of profit. After combining both UK operations further cost savings can be made.

Consideration is £15.75m subject to possible adjustment. Of this £10.5m will be cash at completion, and the balance will be payable five years after.

For 1984, turnover of the BBA Group increased by 12.8 per cent to £176m, with exports from the UK going up by 14.2 per cent and overseas companies sales by 20.8 per cent. The latter's operating profits showed a 17 per cent rise—even allowing for a substantial loss in the South African automotive company.

● **comment**

With a timely injection of professional management, BBA is making a bold bid to launch itself out of its profits rut through two strategic acquisitions. On the face of it this policy looks somewhat reckless given the heavily-geared balance sheet and the fact that one of the acquisitions is a loss maker. But closer inspection puts a slightly different complexion on it. In South Africa, BBA has acquired its major competitor, effectively doubling its local market share and, by putting all production facilities and associated services under one roof, cutting the joint overhead to the point where the residual market should now be profitable to serve. But more important is the Cape acquisition into Mintex, which, by any standards, is a steal, especially as their complementary activities should bring some marked benefits when distribution, production, product mix and overheads are rationalised. The icing on the cake will come when UK operations are in the black again and the group will be able to take advantage of the substantial tax losses stacked up. But to do all this it needs shareholders' cash. After taking account of all the plans, the rights actually leaves a slightly stronger balance sheet, which reduces the downside risk. At 69p, down 2p, the market has moved exactly in line with the theoretical adjustment for the rights—a clear wait-and-see attitude.

RESULTS DUE NEXT WEEK

City anxious to hear BT's battle strategy with Mercury

British Telecom could make £415m pre-tax profit in the third quarter to the end of December, following £684m pre-tax in the first six months.

The rate of calls per line, static for several years before privatisation, looks like increasing by about 4 per cent in 1984-85.

These benefits will have flowed very quickly through to the bottomline. Growth in turnover, price increases and a cut in inventories across the board will have contributed to the results.

The major thrust behind profits growth is expected to have been the continuing improvement in internal operating efficiency inspired at least in part by privatisation. Meanwhile the City wil be anxious to hear BT's views on its battle with Mercury Communications over the interconnection of their telecommunications networks, its first taste of major competition.

Turner & Newall

Turner & Newall's pre-tax profit for 1984 to be announced next Friday, estimated to be up £10m from £12.5m to between £22m and £23m, should crown the recovery of what was in 1983 a collapsed bank-supported conglomerate built on asbestos production.

T & N is now a compact specialist industrial company, primarily involved in the automation and building industries. Asbestos dust still lingers, however in the form of at least £8.4m payable last year to T & N employees who suffered asbestos poisoning in the U.S.

An exceptionally good second half, due mainly to strong growth in automotive and building in the UK but checked by slackening demand for fire protection and cladding board, is likely to have followed T & N's £9.5m pre-tax in the first half. But a downturn of as much as 30 per cent could come from Africa, due to unfavourable currency movements, trading problems in Nigeria and the drought.

Barratt

The City is convinced that what is wrong with Barratt Developments will take a long time to put right—and there is likely to be little in next Tuesday's results for the six months to the end of December which will relieve the gloom.

Pre-tax profits are expected to be about £5m, against last year's £19m. It will be too early to judge the effect of the company's new marketing image—designed to reverse the impact of adverse publicity about the resale value of Barratt homes: however investors will be looking anxiously at how Barratt is pulling through the present downturn in construction, particularly with mortgage rate increases in the air.

There might be a flicker of good trading news from the U.S.—but against this, sterling's weakness will boost the book value of dollar debts, helping to take total net borrowings well above last summer's £128m.

There is great debate about whether the company can manage to hold the interim dividend at last year's 2.31p net.

Britoil

Britoil is expected to reveal a strong trading performance in 1984 when preliminary figures are unveiled on Thursday.

Among other companies reporting results next week are Horizon Travel, with finals, and Paterson Zochonis, interims, on Tuesday. On Wednesday there are finals from Bestobell and Willis Faber, and on Thursday, finals from Rockware Group.

The main focus, however, will be on the level of currency loss. Some successful hedging in the currency markets in the latter part of the year is expected to have lessened the anticipated loss arising from dollar denominated debt.

Analysts' net income forecasts, which ranged from as low as £130m earlier in the year, are now averaging around £155m.

Dividend payments, which have not been exciting since Britoil went public, are expected to get a generous increase of up to 1p above last year's total dividend of 10p net.

The Government's remaining 49 per cent stake in Britoil has tended to depress the share price but the arrival of Mr David Walker from BP as chief executive might do something to perk it up, particularly if he does report good figures next week.

Bowater

Having demerged its North American newsprint operations into a separate quoted company, Bowater's preliminary results next Thursday are going to bear no comparison with historical announcements. For one, it will be shorn of its volatile newsprint interest but equally important it has had an all-important injection of capital into the stretched balance sheet.

At this stage the certain elements of the results are that interest charges will be well down and that the directors intend to pay a dividend of 12.1p gross for the year, as forecast in the demerger document.

But elsewhere, the tissue business of Bowater-Scott will have caught a cold in both the UK and Australia as the company goes through a period of substantial investment. In the UK it will have reduced manning levels, so there will be an above-the-line cost for redundancies.

Against this, the elimination of loss-makers and the benefits of an upturn in pulp prices will have led to a useful recovery in the pulp and paper division, while the growth in industry will have pushed up the packaging operations.

The consensus seems to be for an out-turn of around £30m pre-tax.

BICC

While the new management sit on their survival strategy there will continue to be a great deal of uncertainty surrounding the future of BICC, which announces preliminary profits on Wednesday.

The group is basically being propped up by Balfour Beatty which, according to the interim statement, continues to make satisfactory progress, although outside observers fear it may be running out of steam.

This is critical because the rest of the group is far from inspiring with South Africa and Canada, which accounts for a fifth of the business, deep in the doldrums. There is even an underlying suspicion that the North American power supply companies have run into problems.

Against the backdrop of a weak balance sheet, analysts expect the company to turn in between £90m and £96m pre-tax. This is better than last year's £82m but still short of the previous two periods.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
AC Cars	Thursday	—	—	—
Automotive Products	Tuesday	0.5	0.5	1.0
Beatson Clark	Friday	3.3	5.7	3.3
Bestobell	Wednesday	5.7	7.8	5.7
BICC	Wednesday	3.5	7.04	3.5
EL PLC	Tuesday	—	—	—
Boddington Breweries	Tuesday	1.14	1.5	1.23
Bowater Industries	Thursday	3.5	4.25	3.5
Britoil	Thursday	3.3	6.7	3.3
Brono Engineering Hldgs plc	Thursday	0.25	0.79	—
Cambridge Electronic Industries	Monday	1.8	4.2	2.07
Church and Co plc	Thursday	7.0	3.0	8.0
Clifford's Dairies	Thursday	2.0	3.8	2.2
Eucalyptus Pulp Mills	Friday	—	4.9	—
Hepworth Ceramic Hldgs	Friday	2.5	3.8	2.75
House of Leisure	Tuesday	4.6	2.0	5.0
Horizon Travel plc	Tuesday	0.88	3.12	0.88
Jamesons Chocolates	Wednesday	2.0	3.0	2.0
Jaguar	Thursday	—	—	4.75
Jones and Shipman	Wednesday	—	1.0	1.0
KCA Drilling Group	Monday	—	1.5	1.5
Laing Properties	Tuesday	2.25	3.25	2.5
Mackay, Hugh	Wednesday	1.4	2.6	1.4
Mersey Docks and Harbour Co.	Thursday	—	—	—
Nineteen Twenty-Eight Investment Tst.	Wednesday	2.0	3.5	2.0
Noble and Lund	Thursday	—	—	—
Polrahol	Monday	—	—	—
Peterson Group	Monday	1.25	2.5	1.75
Pirrone Group	Monday	1.375	3.125	1.45
Rendall Group	Thursday	0.675	1.175	—
Robinson Bros. (Ryders Green)	Tuesday	—	—	—
Rockware Group plc	Friday	—	—	—
Sale Tilney	Monday	4.25	8.25	6.5
Systems Designers International	Monday	0.3	1.6	0.5
Tellos	Wednesday	0.42	1.05	1.05
Trinity International Holdings	Thursday	3.9	8.9	4.2
Turner and Newall	Friday	0.75	1.0	—
Walmoughs (Holdings)	Tuesday	1.41667	3.79167	1.7
Willis Faber	Wednesday	3.0	7.5	3.7
Wolstenholme Rink plc	Friday	2.5	4.25	2.5
INTERIM DIVIDENDS				
Arbuthnot Dollar Income Trust	Friday†	3.0	3.0	
Arbuthnot Government Securities Trust	Friday†	2.73	2.75	
Barratt Developments	Tuesday	2.31	5.31	
Bridport-Gundry	Friday	1.25	2.75	
Chambers and Fargus	Monday	0.5	0.5	
HTV Group	Thursday	2.5	4.5	
Meunders, John Group	Wednesday	2.0	2.0	
Minerals Oils & Resources Shares Fund	Thursday†	21.0	19.0	
Pacific Sales Organisation	Wednesday	—	32.17	
Paterson Zochonis	Tuesday	1.45	3.7	
Prestwich Holdings	Monday	—	0.7	
Sanderson Murray Elder	Wednesday	2.0	3.0	
Scholes, George	Wednesday	5.0	13.0	
Sirdar	Thursday	1.25	2.0	
Star Computer Group	Thursday	—	2.5	
Tex Homes	Thursday	1.37	3.13	
Thorpe, F. W.	Thursday	1.3	2.15	
Trafford Park Estates	Thursday	3.5	6.5	
Walker, Thomas	Thursday	0.1675	0.6875	

* Dividends are shown net pence per share and are adjusted for any intervening dividend. † Gross per share.

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Jackson Ex. makes £21m rights: back in profit

THE U.S.-based Jackson Exploration, which is quoted in London, is raising £20.65m after expenses, via an underwritten rights issue of 30m new shares of common stock at 70p each.

The company also announced its 1984 results, which show a recovery from losses of $19.49m to net income of $426,000 (£394,000). The board cautions, however, that the figures should be viewed in the light of initial sales of interests in overseas concessions, which have made a significant contribution in the year.

The issue—on the basis of three new shares for every five held—is principally to replace borrowings with permanent equity capital and also to provide $7m additional finance for working capital requirements this year.

In order to comply with U.S. securities laws, the equivalent entitlements of the principal shareholder, MWJ Corporation, and of the U.S. resident directors and officers, are being fully subscribed by them at the issue price under private placing agreements. These entitlements amount to about 67 per cent.

Sales of oil and gas properties contributed $16.27m to revenues up from $11.29m to $23.91m. The cost of properties sold was $10.34m, but total expenses were lower at $23.48m ($31.13m), reflecting sharp reductions in provision for doubtful accounts and dry holes and abandonments. These accounted for $117,000 ($8.17m) and $34,000 ($3.3m) respectively.

Net earnings per share were stated at 0.8 cents (39 cents losses).

Although revenues from U.S. operations continued to decline in 1984, these activities again made a positive contribution to total group overheads and are expected to do so again this year.

● **comment**

Jackson Exploration's financial cushion needed bolstering after some heavy spending. Shareholders who are still with the company after the expensive mistake in Brunei in 1983, are not likely to quibble too much. It is a high risk exploration company which now mitigates some of the downside by farming out stakes in its concessions to the oil giants. Colombia has the acreage with the most exciting prospects at present and Jackson had the choice of either farming out more to raise cash or have a rights issue. Investors are with the company in the hope that one of the seven wells under exploration will come right so they would probably prefer to stump up a bit more cash than see their stake further diluted to Jackson's big partners. The most promising well in Colombia has been designated a "tight hole" so good news could be some time in coming.

NMW rejects approach

Shares of NMW Computers leapt 19p to 300p yesterday after the company announced it had rejected an approach which might have led to a bid.

The directors said they had "considered this approach but have informed the potential offeror that they do not feel able to recommend to shareholders any offer on the indicated basis."

The board said it understood no offer would now be made. NMW, a USM stock, provides accounting services to stockbrokers and Talisman facilities to some of the regions. At 300p the company is valued at £12.9m.

UK COMPANIES

INTERNATIONAL COMPANIES and FINANCE

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

The Al-Fayed family secured control of the House of Fraser chain of department stores following a series of market purchases. Al-Fayed has acquired nearly all the shares held by Lonrho, Fraser's long-time suitor. Mr Norman Tebbit, the Trade and Industry Secretary, has decided not to refer the bid to the Monopolies Commission.

Sears Holdings made an agreed share-exchange bid worth £115m for Fosters Brothers Clothing. The bid tops the hostile offer launched a month ago by Ward White, the shoe retailer.

After talks with the Pauls' board, Harrisons and Crosfield added some £2m to the value of its bid for the animal feeds and chemicals group and won Pauls' agreement. The latest offer values Pauls at £116m.

The Greater Midlands Co-operative Society announced a bid worth £7.3m for funeral directors, Ingall Industries, but this was immediately rejected

Control of Goode Durrant and Murray, the international trade finance group, has passed from a trust and an estate connected with Mr Lionel Robinson, its chairman, to Mr Michael Waring, a South African businessman. Infintraco, a company controlled by Mr Waring and his family interests, has extended an 80p per share offer to minority shareholders.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Banro Inds	78½	93	66	4.30	CH Industries
Bonusbond	32§	28	23	1.12	Promotions Hse
Booker McConnell	261§ §§	257	259	326.17	Dee Corp
Butterfield-Hrvy¶	27*§	26½	22½	3.21	Technology Inc
Dunlop	25	70	31	35.96	BTR
E of Scot Onshre¶	¶¶	100	66	¶¶	Ind Fin & Inv Co
Elson & Robbins	93½§§	84	68	9.26	Hartona Group
Foster Bros	224§	218	228	104.90	Sears Hldgs
Foster Bros	194	218	138	90.85	Ward White
Haden	240*	315	232	37.18	Trafalgar House
Hoskins & Horton	329§ §§	343	270	8.93	Lon & Mid Inds
House of Fraser	400*§	396	346	430.92	Al Fayed Inv & Trust (UK)
Hurst (Charles)	200*§	190	190	4.32	Garvagh Secs
Imed Business Sys	40*	40	40	5.40	Weelaborator Intl
Ingall	80*	88	73	7.30	Gt Midland Co-op
Initial	593§ §§	530	533	322.21	BET
Jackson J. & H. B.	106½	110	84	25.27	Williams Hldgs
Lake & Elliot	80†	77	65½	7.95	Suter
Lon & Mchr Secs¶	9	9	10½	2.91	Amal Estates
Manor National	13½§§	12½	13	2.35	Bramall (C. D.)
Martin (R. P.)	450*	440	420	43.65	Quadrex
Pauls	368§	362	253	115.6	Harrsns & Crsfld
Petrolex	58*	67	50	9.06	Clyde Petroleum
Routledge & Kegan Paul	392§§	388	283	4.47	Assoc Book
Seccombe, Mrshll	440*	430	320	7.04	Citicorp
String Guarantee	71	70	325††	253.82	P & O
Thames Inv & Sec	5*	‡‡	‡‡	0.20	Weber Hldgs
Thms Inv & Sec Pf	5*	‡‡	‡‡	0.03	Weber Hldgs
TMG Group	125½†§	115	75	1.67	Smurfit (J.)
Tootal	70*	72	63	124.03	Entrad Corp
Trident TV Ord¶	249§	245	209	3.64	Pleasurama
Trident TV 'A'¶	237½§	245	209	110.24	Pleasurama
Unibond	234	227	155††	13.74	Beecham
Whittington¶	31§ §§	31	22	14.28	Aitken Hume

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on March 15 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Appleyard	Dec	1,230	(615)	11.3	(6.4)	3.0	(—)
Booker	Dec	36,800	(25,034)	19.3	(12.1)	9.0	(4.30)
Cattles	Dec	1,960	(1,900)	3.0	(2.7)	1.5	(1.41)
Cifer	Dec	3,000L	(1,350)	—	(6.9)	—	(—)
Collins, William	Dec	11,750	(8,550)	40.1	(38.8)	13.0	(—)
Comcap	Dec	2,940	(1,550)	12.9	(8.8)	1.0	(—)
Clarke	Dec	886	(803)	5.2	(4.0)	2.31	(2.12)
Edin. Fund Man	Jan	3,540	(2,460)	12.9	(8.3)	4.0	(2.2)
Family Inv Tst	Jan	304	(291)	6.9	(6.6)	6.9	(6.6)
Fisher J.	Dec	2,850	(2,100)	11.1	(7.9)	1.7	(1.6)
GKN	Dec	120,200	(88,100)	21.4	(17.4)	6.5	(5.0)
Goode Durr. & M	Oct	2,570	(2,620)	5.7	(6.1)	1.25	(1.25)
Greggs	Dec	1,920	(1,740)	11.3	(14.6)	3.4	(—)
Hillsdown Hldgs	Dec	19,000	(—)	11.1	(—)	2.8	(—)
Invergordon	Dec	4,130	(3.63)	14.7	(13.1)	4.25	(4.0)
Kleinwort Ben.	Apr	30,280	(21,680)	54.1	(39.7)	14.0	(7.5)
Lloyds Bank	Dec	468,000	(419,000)	98.0	(119.0)	26.5	(23.75)
Low and Bonar	Nov	11,370	(9,110)	53.5	(33.0)	12.0	(7.5)
Lowe Howard	Dec	2,360	(1,010)	12.2	(4.4)	2.6	(—)
New Darrien Oil	Jan	81	(55)	0.6	(0.3)	0.33	(0.26)
Pentos	Dec	1,790	(287)	2.8	(0.56)	0.35	(—)
Phicom	Dec	3,620	(2,360)	4.6	(3.4)	1.1	(0.75)
Refuge	Dec†	5,900	(5,100)	7.8	(6.5)	7.75	(6.5)
Rowntree	Dec	74,500	(61,200)	36.0	(30.9)	11.0	(9.75)
Ryl Dutch Pet	Dec‡	9,530,000	(7,340,000)	35.6	(27.4)	10.6	(8.85)
Sedgwick	Dec	78,330	(80,110)	22.8	(18.5)	10.0	(5.25)
Schroders	Dec†	15,140	(14,420)	96.7	(133.5)	18.5	(16.5)
Sharpe & Fish.	Dec	2,200	(1,850)	7.3	(6.5)	2.25	(1.49)¶
Shell Transport	Dec	1,060,000	(1,410,000)	127.5	(96.0)	33.0	(26.2)
Strong & Fish.	Dec	1,950	(1,210)	12.2	(10.9)	2.5	(—)
Taverner Rutldge	Dec	155	(107)	—	(—)	—	(—)
TDG	Dec	24,060	(20,980)	10.8	(10.1)	5.6	(3.5)
TI Group	Dec	19,000	(16,300)	22.2	(18.5)	10.0	(10.0)
Ultramar	Dec	284,900	(156,000)	47.0	(46.6)	10.0	(8.5)
Utd Biscuits	Dec	87,200	(83,048)	19.8	(18.3)	7.5	(7.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Amber Day	Nov	230	(136)	—	(—)
Bejam	Dec	9,760	(7,808)	1.75	(1.4)
Clark, Matt & Sns	Dec	4,230	(3,390)	31.4	(25.6)
Dunhill	Sept	5,800	(4,203)	—	(—)
Framlington Grp	Dec	518	(680)	3.0	(3.0)
Goodman Bros.	Oct	25	(27)	—	(—)
Goodwin	Oct	101	(87)	—	(—)
Jarvis (J) & Sons	Sept	207L	(210)	7.2	(7.2)
IBS	Sept	845L	(1,230)L	—	(—)
Lawtex	Dec	234	(104)	1.5	(0.75)
London Shop	Oct	3,200	(2,390)	4.1	(—)
Mucklow	Dec	2,560	(2,300)	2.25	(2.1)
Microfilm Repro	Dec	190	(84)	0.5	(—)
Parker Knoll	Jan	1,730	(1,420)	3.0	(3.0)
Unigroup	Dec	37	(26)	—	(—)
Victor Products	Oct	549L	(508)L	—	(—)
Wolseley Hughes	Jan	13,310	(10,640)	3.0	(2.68)
Yarrow	Dec	578	(405)	2.5	(2.5)

(Figures in parenthese are for the corresponding period.)
* Dividends are shown net except where otherwise stated. † Profit after tax. ‡ Figures in Fl. ¶ Equivalent after allowing for scrip issue. L Loss.

Rights Issues

United Biscuits—£98.2m rights issue on the basis of a one for five at 158p per share.

Offers for sale, placings and introductions

William Bedford—Offers for sale by tender 1.5m shares at a mini- price of 100p.

AAH—Vendor placing of 13.54m new shares at 112p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
BBA Group	0.9	July 8	0.9	1.74	1.74
Celtic Haven ...int	0.25	Mar 29	0.25	—	0.75
Grattan	2	July 8	1	3	1
House Propert	6	May 9	6	9	9
Law Debenture	3.25	—	2.75	5.5	4.75
Mitchell Cotts ...int	1.5	May 7	1.5	—	4
J. N. Nichols	2.75	May 24	2.33*	5.25	4.5*
George Oliver	6.4	May 7	5.55	8	7
Pifco ...int	1.76	—	1.76	—	5.28
Waring & Gillow ...int	0.75	May 10	0.75	—	2

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Paris to trade in financial futures

By David Marsh in Paris

FRANCE is to introduce trading in financial futures in September as part of gradual moves to modernise its banking markets and to break down barriers between different sections of the financial community.

The scheme, which has been under discussion for several months, was unveiled jointly yesterday by the French Banks' Association and the Stockbrokers Association. It centres on the introduction of a futures contract for bond dealing with trading to be carried out under the auspices of the Paris bourse.

Trading in short-term instruments—certificates of deposit and treasury bonds—is to start in January 1986 and the market is planned to become operational on a wider basis with equal participation by stockbrokers and banks in September next year.

Setting up of a financial futures market, even on a scale which will be very modest compared with those in the U.S. or London, has been supported by the Finance Ministry in a bid to halt the relative decline in recent years of the importance of Paris as a financial centre.

It also ties in with increased desire by banks, company treasurers and other financial operators for more sophisticated trading instruments in French francs. This is in line with the explosion of activity on the bond market in the past few years.

Bankers acknowledge, however, that financial futures in France will be unable to expand into trading in currency contracts as long as the country's rigid foreign exchange controls remain in place.

M Jean Dromer, chairman of the French Banks' Association, said the important point was that the stockbroking and banking professions were launching the project on a joint basis.

A long-term question of key importance is whether banks and stockbrokers will be forced into financial alliances — as has been taking place with financial deregulation in the UK and the U.S.

Wheeling in debt plea as loss rises

BY TERRY DODSWORTH IN NEW YORK

WHEELING-PITTSBURGH, the seventh largest U.S. steelmaker, is trying to negotiate a debt restructuring package and extensive cuts in its wage costs after registering a further substantial loss in 1984.

The Pittsburgh-based company, which lost a total of $113m in 1982 and 1983, has been forced to delay its year-end financial results because of the discussions. It said its statutory Form 10 K filing with the U.S. Securities and Exchange Commission would also be delayed.

Wheeling-Pittsburgh has been in negotiations for some time with its union representatives, who have talked publicly about the group's "perilous" financial position.

Its more immediate problem, however, appears to be centred on its agreements with its lenders. The company's statement said that it was "seeking to liberalise" its financial covenants, and to "restructure its indebtedness" with a view to obtaining waivers on certain financial ratios laid down in the lending agreements.

In the company's last annual report, published for the 1983 financial year, it said it had agreed with its lenders to maintain its net worth at more than $350m, and to keep a ratio of liabilities to net worth "not exceeding 2.25 to 1."

At the end of that year, net worth stood at $385m, while the agreed ratio stood at a little over 2 to 1, but since then the group has suffered further losses which are expected to bring the net worth figure down below the $350m floor.

While refusing to give details, Wheeling-Pittsburgh said it expected 1984 results to "reflect a loss in the range of the $54m loss incurred in 1983." It added that the first quarter of this year would also show a "substantial loss."

In February, the company gave an indication of its worsening financial situation when it suspended dividend payments on its five classes of preferred stocks, in a move that will save it $8.4m this year. It has not paid a common stock dividend since 1979.

Last October it announced a common stock issue of 1.75m shares, but this was suspended when the group's share price slipped. Several senior shareholders, included Mr Allen Paulson, chairman of Gulfstream Aerospace, who owns 34 per cent of the company, expressed their opposition to the fund-raising exercise.

Veba leaps by 55% and lifts dividend

By Peter Bruce in Bonn

VEBA, West Germany's biggest industrial conglomerate, is to raise its dividend 20 per cent to DM 9 after reporting a provisional 55 per cent increase in net profits to DM 575m ($170m) for 1984.

The group, in which the Federal Government has a stake of some 30 per cent, also said it expected measures taken to improve profitability to result in "significantly" improved results for 1985.

Total turnover last year increased to DM 49.9bn, with the sharpest gains being made by Veba's chemicals operations. These showed a 10 per cent increase in sales, to DM 5.4bn, which Veba attributed mainly to strong exports.

Turnover in the oil and petrochemicals divisions, however, improved only slightly, by 3 per cent to DM 13.3bn, despite a 16 per cent cut in royalties paid to Bonn.

Power generation turnover rose 4.5 per cent to DM 10bn, and Veba said the proportion of nuclear-generated power had increased from 40 per cent to 60 per cent of total output.

Nearly 60 per cent of the DM 2.6bn invested by Veba last year went into power generation, yesterday's provisional figures show. Only DM 120m, 6 per cent, is being spent on the chemicals business.

Veba also said it had invested DM 460m in its oil business, almost exclusively for oil and gas exploration in the U.S.

PAO secures control of Wheelock Marden

BY DAVID DODWELL IN HONG KONG

SIR YUE-KONG PAO, the Hong Kong shipowner and property developer, yesterday won control of Wheelock Marden, the ailing property, shipping and trading group, after a month-long takeover contest with Tan Sri Khoo Teck Puat, a Singapore-based financier. Sir Y.K. becomes chairman of Wheelock with immediate effect.

Sir Y.K.'s cash bid, made through his property subsidiary Hongkong and Kowloon Wharf and Godown company, values Wheelock Marden at HK$2.5bn (U.S.$320m). It became unconditional yesterday when Tan Sri Khoo, who has built up a 25 per cent stake in the company during the course of the contest, announced he intended to accept the Wharf offer.

Wharf now controls about 75 per cent of the voting rights in the company. A full offer document will be issued shortly, according to Wardley, Sir Y.K.'s financial advisers.

At a Wheelock board meeting yesterday Sir Y.K. Pao was appointed group chairman and chief executive with immediate effect. He replaces Mr John Marden, who has headed the group for the past 26 years. Mr Peter Woo, who controls Sir Y.K. Pao's property interests, was appointed deputy chief executive. Mr Marden has been nominated group president.

Sir Y.K.'s haste in taking up the reins at Wheelock is a clear reflection of the parlous state of the shipping and property group. A serious boardroom rift has hobbled the company in recent years, leaving it long overdue for wholesale reorganisation.

Wheelock Maritime, the group's shipping subsidiary, called in financial advisers just a week ago after announcing that it was in "a critical financial position."

Tan Sri Khoo, who controls the National Bank of Brunei, and has substantial hotel interests in Australia and South-East Asia, triggered the takeover contest a month ago with a bid valuing the company at HK$1.9bn. He will sell his holding in Wheelock for a profit estimated at HK$110m.

When he made his first bid, he talked of establishing a presence in Hong Kong, partly as a way of doing business in mainland China. It was uncertain yesterday whether he will transfer his sights to another takeover target in the territory.

A financial adviser to Tan Sri Khoo said yesterday: "He sees Hong Kong as an interesting place to invest, and regards the China aspect as particularly exciting. But he genuinely wanted to buy Wheelock — he was not just punting — and it is difficult to say just how whether he will find something else that is suitable."

Tenneco opts to buy IH subsidiaries in Europe

BY OUR NEW YORK STAFF

TENNECO, the U.S. conglomerate, is edging closer to the acquisition of International Harvester's operations in France, Germany and Denmark, although it is still negotiating takeover terms.

The plants in Continental Europe were left out of the deal between the two companies last November, when Tenneco agreed to purchase IH's activities in the U.S. and the UK. At that time, Tenneco took an option on the purchase of the Continental businesses, saying it would give IH an answer by the end of March.

Tenneco has now indicated that it intends to exercise this option, but at the same time says this outcome is "subject to arrangements with government authorities and lenders in the respective countries."

Negotiators from Tenneco and J. I. Case, the group's agricultural equipment subsidiary, are currently in Europe for talks with the French Government over the future of the IH activities in France.

The main stumbling block to a final purchase agreement is believed to centre on the French business, which has been losing money for some time, and which has been the subject of discussions between the authorities and IH for many months.

Australia puts Nestle bid for Life Savers on ice

BY MICHAEL THOMPSON-NOEL IN SYDNEY

A BID valued at A$76m (U.S.$53.2m) bid by Nestlé, the Swiss foods group, for Life Savers (Australasia) has been put on ice for 90 days by Mr Paul Keating, the Australian Treasurer (finance minister).

The decision also affects the closely related A$60m offer by the South African-controlled Rothmans Holdings for Allen's Confectionery, another Australian sweets group.

Mr Keating's announcement is not thought to mark a change of attitude by Canberra's Labor Government towards foreign investment, which it has done much to encourage.

Rothmans and Nestlé each hold more than 10 per cent of both Life Savers and Allen's. The 90-day pause would enable the Foreign Investment Review Board to examine more fully the complex issues raised by Nestlé's offer, and to consider the implications of both bids.

Nestlé says it is prepared to reduce its interest in its own takeover vehicle, Raleigh Nutritional Products, to 49 per cent, leaving Life Savers in local control.

Italian foods group deeper in the red

By Alan Friedman in Milan

INDUSTRIE BUITONI Perugina (IBP), the Italian foods group which last month was acquired by Sir Carlo de Benedetti's CIR holding company, has unveiled 1984 losses totalling L47.7bn ($22.1m). The deficit is 2.7 times the size of the 1983 loss of L17.5bn.

The losses are attributed to the revaluation of investments in a number of non-European foreign subsidiaries.

More than half of the Buitoni pasta and chocolate group's turnover comes from foreign sales.

Jacobs acts at Castle & Cooke

By William Hall in New York

MR IRWIN JACOBS, the Minneapolis financier controlling 12 per cent of Castle & Cooke, has stepped into the battle for the troubled West Coast food and real estate group. He plans to top the offer made by Los Angeles financier, Mr David Murdock.

Mr Jacobs, a veteran of several recent U.S. corporate takeover battles, says in a filing with the U.S. Securities and Exchange Commission (SEC) that he is "extremely concerned" by the terms of the rescue bid for Castle and Cooke made by Mr Murdock's Flexi-Van group. The merger agreement, announced earlier this week, was "hastily negotiated" he says. He believes the terms of the deal preclude competitive bidding.

The Jacobs group might be willing to offer a deal "substantially more favourable" to Castle and Cooke shareholders than the already agreed Flexi-Van proposals, the SEC filing says.

Indian bank expects to recover most of Sethia debt

BY JOHN ELLIOTT IN NEW DELHI

PUNJAB NATIONAL Bank, the largest in India, expects to recoup most, if not all, of the $123m owed to it by Mr Rajendra Sethia, the Indian Businessman now under arrest in New Delhi, whose Esal commodities company collapsed in the UK last year with debts of over $200m.

Senior executives of the Bank say that inquiries so far carried out in Delhi do not show that Mr Sethia or any of its employees have engaged in fraud or any other crime which would justify the bank filing criminal proceedings. Operations of the bank's London office are, however, still being closely investigated, and no final conclusions have yet been reached.

The bank has already obtained $33m through recovery of bills and collateral and has had several offers of around $20m for Mr Sethia's 74 per cent stake in Jokai India, a Calcutta tea company.

Two of the offers for Jokai have come from Tata Tea, part of India's largest conglomerate, and from Assambrook, which is controlled by the Rampuria family of Calcutta. The Rampurias are related by marriage to one of Mr Sethia's brothers.

The bank will also be receiving $13.5m in rescheduled debts from Nigeria later this year, part of $29m Nigerian debts that are expected to be repaid later. It also has first charge on various of Mr Sethia's properties which it wants to sell, including a hotel in New York valued at $10m and houses in the UK.

The collapse of Esal hit banks in India, the UK and other countries with heavy losses. The Indian banks, through loans made by their London branches, suffered worst.

Indian banks have unsophisticated management control and information systems which have allowed a large number of frauds and bad debts to pile up in recent years. The investigation bureau is currently examining, for example, a $10m fraud involving a Bombay company with three banks—the Baroda, the Punjab and Sind, and the Patiala.

Another examination is of an alleged fraud of $12m by a Calcutta company with the Bank of Baroda.

The Finance Ministry and the Reserve Bank of India are now taking steps to improve vetting of loans with more formal procedures. They also hope that computerisation of bank business, which is just being introduced, will make fraudulent deals less easy to hide.

Punjab National Bank has suffered fewer cases of fraud than some other banks, but it is tightening up its lending controls and will be examining its London office accounts and documents in two weeks time when it carries out its annual inspection.

Mr Sethia has been held in Delhi since February 2 by India's Central Bureau of Investigation, accused of conspiring to defraud three Indian banks—the Union and the Central, as well as the Punjab National—and of dishonestly inducing the banks to extend loans inadequately covered by foreign exchange reserves.

He is being held in judicial custody till March 26. The British Government has asked for him to be extradited to face charges in the UK. But the Investigation Bureau in Delhi believes it should prosecute first, even if the alleged crimes were committed abroad.

The Indian penal code covers extra-territorial offences so that any Indian citizen can be tried in India for any offence committed abroad.

In Delhi, Mr Sethia has also been charged with obtaining a false passport in the name of Mr Raj Kumar, which was found in his Delhi hotel. Also found were air tickets to the U.S., Europe and Egypt, travellers' cheques issued by the Punjab and Sind Bank, and other papers, all in the name of Mr Kumar.

Company Notices

WALL STREET

Confused by production figures

STOCK PRICES were mixed on Wall Street yesterday when investors, confused by the impact of the Government's producer price and industrial production figures, moved in a generally bearish manner.

By mid-day the Dow Jones Industrial Average was up 1.43 to 1,261.48, reducing its loss on the week to 8.18, which the NYSE All Common index, at $103.23, rose 12 cents on the day but was still off 59 cents on the week. But losses led gains by a slight margin. Volume decreased 9.1m shares to 55.46m, compared with noon Thursday.

The U.S. Producer Price index fell 0.1 per cent in February after remaining unchanged in January, and U.S. Industrial Production fell 0.5 per cent in the month.

Analysts said news of the three-day Bank Holiday declared for some 70 Ohio Thrift Institutions is not having much of an effect on the market at this time.

However, one said, this could change once investors digest the news.

Market technicians were looking for a rally either later yesterday or early next week as the market moves near the 1,260 support level. "Any rally will be purely technical," said Harry Laubscher of Paine Webber.

Texas Commerce Bank declined $3⅞ to $36½—it expects to show lower first quarter earnings and a higher loan loss provision.

Enserch moved $1 to $29⅜, a reaction, it said, to its offering of units in a new limited partnership.

Central Soya jumped $2⅞ to $22—it is studying a preliminary unsolicited conditional takeover offer from Shamrock Holdings.

Internorth advanced $1⅞ to $46⅞—it knew of no reason for the activity.

McDonnell Douglas gave way $3 to $74½, in what may be a reaction to a real growth freeze in upcoming defence spending.

K Mart were off $⅞ at $33⅛ on its lower fourth quarter results. Analysts expect lower first quarter results as well.

Interfirst Corporation shed $⅛ to $11⅛, but American Natural Resources firmed $⅛ to $64⅛.

THE AMERICAN SE Market Value index gained 0.72 to 223.62, cutting its loss on the week to 2.25. Volume increased 489,000 shares to 5.79m, compared with mid-day Thursday.

Closing prices for North America were not available for this edition.

CANADA

Stock prices were slightly mixed at midsession, with the Toronto Composite index off 0.6 at 2,587.3.

The Metals and Minerals index lost 3.3 to 2,016.1 but Golds rose 6.4 to 3,121.1 and Oil and Gas put on 6.0 to 3,181.7.

Unicorp, unchanged at $7⅛, said it will not extend its share exchange offer for Union Enterprises past yesterday's deadline. Union held unchanged at $11 on 52,101 shares.

TOKYO

Share prices rose steadily throughout the day in very active trading, led by Financials, selected Speculatives and Drugs.

The Nikkei Dow Jones average gained 63.00 to 12,468.03, wiping out Thursday's 14.23 loss and closing at its highest level since March 6. Turnover 480m (450m) shares.

International, populars closed mixed, with buying interest shifting during the day from Motors to consumer Electronics.

The SE index gained 3.26 to 997.88. Turnover 15m (14m) shares.

Some leading Drugs closed higher after a day of erratic movement, with Yamanouchi Pharmaceutical up Y90 to 3,950 and Dainippon Pharmaceutical up Y140 at 5,250. Some biotechnology-related Chemicals also gained ground and recently ignored Asahi Chemical advanced Y18 to 818. But most Foods softened.

Most Financials firmed, but the buying emphasis shifted from Trust Banks, which were favoured early this week, to non-life Insurances and Securities Houses.

HONG KONG

Sharply lower, following speculators' profit-taking on HK Land, off 15 cents at HK$4.67, long positions which they established before the company's annual results Thursday, brokers said.

The Hang Seng index lost 22.59 to 1,333.76.

Hang Lung Development were barely changed at HK$5.15-40, despite a substantial net profit rise to HK$66.78m in its interim report for 1984, against HK$57.97m a year ago.

HK Land reported a more than doubled increase in its 1984 profits to HK$354m, but brokers said the rise was within expectation. Its plan for a HK$750m Preferred share issue had a bearish influence, they added.

SINGAPORE

Slightly higher on some speculative buying and short covering in moderate trading.

The Straits Times Industrial index rose 3.23 to 840.17 and the SE All Share index 0.88 to 296.98. Volume 14.5m (14.2m) shares.

Promet, up 9 cents at S$1.67, topped the actives with a turnover of 1.4m shares.

Elsewhere, Kentucky Fried Chicken rose 45 cents to S$5.45, Hong Leong Credit 20 cents to S$6.00. Cycle and Carriage put on 10 cents to S$3.62, on renewed talk of some intercompany tie-up with the MUI Group. MUI, however, lost 3 cents to S$2.49. Hong Leong Industries shed 9 cents to S$2.40, on disappointment over its results.

Hotels, Properties and Commodities improved slightly.

GERMANY

Firmer in lively trading with strong demand from both Domestic and Foreign investors across the board.

The Commerzbank index of 60 leading shares, calculated at the midsession, rose 11.5 to 1,214.0, just 2.1 short of Tuesday's record.

Brokers said the market's mood was boosted by news that Deutsche Bundesbank Central Bank Council didn't move to raise the key Lombard and Discount lending rates from their current respective 6.0 per cent and 4.5 per cent levels at its regular, bi-monthly meeting Thursday.

Veba AG, the diversified West German Electrical, Chemical and Services conglomerate jumped Dm 12.20 to Dm 188.9 on news that it was upping its 1984 dividend to Dm 9 (Dm 7.50) on a nearly 50 per cent leap in consolidated after-tax group profit to Dm 692m (Dm 472m).

Aside from Daimler-Benz, up Dm 5.5 at Dm 689, other Autos, suffering from a continuing drought in domestic car sales, managed only relatively small gains.

MAN put on Dm 3 to Dm 155. Deutsche Babcock gained Dm 2.8 to Dm 170.8 after recent news it expects to remain in the black in the year to end-September 1985. Linde added Dm 13.50 at Dm 424.

SWITZERLAND

Domestic shares continued steady in moderate trading with Industrials and Financials setting the trend. A strong undertone was injected by increased market confidence and favourable company news. The strength of the dollar and the uncertain interest rate situation, however, tempered buying enthusiasm somewhat.

A Swiss Government office said local industrial output gathered pace in the fourth quarter of last year, rising 12 per cent from the third quarter. It also reported a 17 per cent increase in industrial orders from abroad for this period.

Jacobs Suchard further improved Frs 115 to 6,440 on further consideration of better annual results, a dividend increase and a rights issue. Swissair Bearer fell Frs 30 to 1,130 following full year results and unchanged dividend payment in line with market forecast.

AUSTRALIA

Share markets finished the week on a strong note with local traders paying little attention to normally-discouraging signals from overseas.

The All-Ordinaries index was up 5.5 at 794.5; the All Industrials 5.2 at 1,171, the All Resources 5.4 at 504.3, Oil and Gas 8.0 at 532.4 and Metals and Minerals 2.8 at 476.3.

National turnover 40.27m shares worth about A$53.81m (39.37m worth about A$57.68m). Rises outnumbered falls 219-to-133.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases

The dollar lost ground yesterday as an earlier firmer trend was undermined by position squaring ahead of the weekend. This in turn was influenced by a number of factors including falls in U.S. producer price and industrial production indices and uncertainty created by problems involving a savings and loan company in Ohio and the possibility of a banking crisis. The dollar closed at DM 3.3770, down from DM 3.3845, having touched a high of DM 3.4060. Against the Swiss franc it eased to SwFr 2.8755 from SwFr 2.8785 and FFr 10.31 compared with FFr 10.3375. It was unchanged against the yen at Y280.50.

Sterling finished slightly up on the day and its index finished at 72.0, up from 71.8. Against the dollar it rose to $1.0840 from $1.0805 and improved against the D-mark to DM 3.66 from DM 3.6550. Against the Swiss franc it was higher at SwFr 3.1150 from SwFr 3.1100 and Y282.25 from Y281.50.

£ in New York

	March 15	prev. close
£ Spot	$1.0870-0880	$1.0810-0820
1 month	0.49-0.47pm	0.49-0.47pm
3 months	1.09-1.06pm	1.10-1.06pm
12 months	1.33-1.23pm	1.40-1.30pm

Forward premiums and discounts apply to the U.S. dollar.

OTHER CURRENCIES

Mar. 15	£	$		£ Note Rates
Argentina Peso	323.35-	298.34-298.50	Austria	26.50-26.80
Australia Dollar	1.5750-1.5770	1.4540-1.4560	Belgium	73.40-74.20
Brazil Cruzeiro	4,486-4,516	4,140-4,151	Denmark	13.00-13.15
Finland Markka	7.5635-7.5055	7.0050-7.0070	France	11.05-11.20
Greek Drachma	158.57-155.84	149.17-145.14	Germany	3.68½-3.67½
HongKong Dollar	8.4600-8.4700	7.8000-7.8020	Italy	2205-2350
Iran Rial	104.10*	96.35*	Japan	280-284
KuwaitDinar(KD)	0.3305-0.3318	0.30505-0.30515	Netherlands	4.11-4.15
Luxembourg Fr	73.45-73.55	67.80-67.90	Norway	10.36-10.46
Malaysia Dollar	2.6100-2.6200	2.3905-2.3935	Portugal	195-205
New Zealand Dlr.	2.4200-2.4400	2.2370-2.2590	Spain	197-206
Saudi Arab Riyal	3.9180-3.9255	3.6116-3.6130	Sweden	10.30-10.40
Singapore Dollar	2.4650-2.4750	2.2725-2.2755	Switzerland	3.09-3.18
Sth African Rand	2.1835-2.2000	2.0305-2.0419	United States	1.06½-1.09½
U.A.E. Dirham	3.9840-3.9910	3.6720-3.6750	Yugoslavia	285-289

* Selling rate.

EXCHANGE CROSS RATES

Mar. 15	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.084	3.659	285.6	11.17	3.113	4.140	2308.	1.502	73.50
U.S. Dollar	0.923	1.	3.377	260.5	10.31	2.876	3.829	2130.	1.386	67.85
Deutschemark	0.273	0.296	1.	77.15	3.051	0.851	1.131	630.5	0.410	20.08
Japanese Yen 1,000	3.543	3.841	12.97	1000.	39.60	11.04	14.67	8177.	5.322	260.4
French Franc 10	0.896	0.971	3.275	252.5	10.	2.790	3.708	2067.	1.345	65.83
Swiss Franc	0.321	0.348	1.176	90.51	3.584	1.	1.329	740.6	0.482	23.60
Dutch Guilder	0.242	0.262	0.884	68.18	2.697	0.750	1.	557.5	0.363	17.75
Italian Lira 1000	0.433	0.470	1.586	122.3	4.838	1.350	1.794	1000.	0.651	31.85
Canadian Dollar	0.666	0.722	2.437	187.9	7.438	2.074	2.758	1537.	1.	48.95
Belgian Franc 100	1.361	1.476	4.980	384.0	15.19	4.238	5.633	3140.	2.044	100.

STERLING EXCHANGE RATE INDEX
(Bank of England)

	March 15	Previous
8.30 am	71.8	71.9
9.00 am	71.6	71.8
10.00 am	71.5	71.6
11.00 am	71.6	71.7
Noon	71.7	71.7
1.00 pm	71.7	71.7
2.00 pm	71.8	71.7
3.00 pm	72.0	71.7
4.00 pm	72.0	71.8

POUND SPOT—FORWARD AGAINST POUND

March 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.0710-1.0865	1.0835-1.0845	0.50-0.47c pm	5.37	1.12-1.07 pm	4.04
Canada	1.4916-1.5058	1.5000-1.5040	0.46-0.38c pm	3.36	0.83-0.70 pm	2.04
Nethlnd.	4.12-4.15¼	4.13¾-4.14½	2⅜-2⅛c pm	7.25	6¾-6¼ pm	5.22
Belgium	73.19-73.88	73.45-73.55	27-22c pm	4.00	58-51 pm	2.99
Denmark	13.04-13.11½	13.09-13.10	2½-1½ore pm	2.19	8-7⅞ pm	2.52
Ireland	1.1723-1.1782	1.1756-1.1765	0.07p pm-0.10dis	−0.15	.05pm-.39dis	−0.56
W. Ger.	3.64-3.67½	3.65½-3.66½	2⅝-2½pf pm	8.40	6⅞-6⅝ pm	7.38
Portugal	198½-204	200-203½	120-450c dis	−10.94	440-1310dis	−17.34
Spain	202-203¾	202½-203	30-15c pm	1.33	30-par pm	0.30
Italy	2294-2320½	2307½-2309½	1lire pm-2 dis	−0.26	8-10 dis	−1.38
Norway	10.40½-10.52½	10.44½-10.45½	2½-1¼ore pm	2.37	2½-2¼ pm	1.05
France	11.12½-11.23½	11.16-11.17	3¼-3⅛c pm	3.69	7¼-6¾ pm	2.51
Sweden	10.33½-10.42½	10.35½-10.36½	1½-¼ore pm	1.30	1¼-¼ pm	0.36
Japan	279½-284	281½-282½	1.94-1.85y pm	8.06	5.04-4.91 pm	7.06
Austria	25.59-25.80	25.60-25.70	17¾-16¼gro pm	7.84	44½-41½ pm	6.73
Switz.	3.10-3.13½	3.11-3.12	2¾-2⅝c pm	8.67	6⅞-6⅝ pm	7.70

Belgian rate is for convertible francs. Financial franc 73.85-74.05. Six-month forward dollar 1.38-1.33c pm. 12-month 1.35-1.20c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

March 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.0710-1.0865	1.0835-1.0845	0.50-0.47c pm	5.37	1.19-1.07 pm	4.04
Ireland†	0.9135-0.9240	0.9225-0.9235	0.50-0.40c pm	5.90	1.20-0.90 pm	4.59
Canada	1.3855-1.3905	1.3865-1.3885	0.22-0.25c dis	−2.03	0.68-0.73dis	−2.03
Nethlnd.	3.8030-3.8585	3.8195-3.8205	0.60-0.57c pm	1.82	2.12-2.09 pm	2.18
Belgium	67.80-68.17	67.80-67.90	9½-10½c dis	−1.77	26-27 dis	−1.53
Denmark	12.04½-12.16½	12.07½-12.07¾	3-3½ore dis	−3.21	4⅛-4⅝ dis	−1.48
W. Ger.	3.3820-3.4060	3.3765-3.3775	0.86-0.81pf pm	2.85	2.85-2.80 pm	3.32
Portugal	185½-187½	186-187	200-500c dis	−22.52	800-1400dis	−21.45
Spain	186.50-186.95	186.50-186.80	53-65c dis	−3.92	155-175 dis	−3.51
Italy	2125-2146	2125-2126	9½-10lire dis	−5.45	26-28½ dis	−3.25
Norway	9.68-9.73½	9.67½-9.68	2½-2¾ore dis	−3.08	7-7½ dis	−2.99
France	10.27-10.40½	10.30½-10.31½	1.40-1.50c dis	−1.68	3.80-4.20dis	−1.64
Sweden	9.53½-9.66½	9.59½-9.60½	3-3½ore dis	−4.06	9-9½ dis	−3.84
Japan	280.35-281.00	280.45-280.55	0.60-0.52y pm	2.57	2.12-2.02 pm	3.17
Austria	23.63½-23.93½	23.67-23.72	5-4½gro pm	2.39	17-15 pm	2.68
Switz.	2.8675-2.9020	2.8750-2.8760	0.84-0.78c pm	3.38	2.72-2.66 pm	3.72

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 68.20-68.30.

MONEY MARKETS

Rates fall

UK interest rates were slightly easier yesterday, reflecting a better performance by sterling. However, there was little change in market sentiment with regard to the receding prospect of an early reduction in UK base rates. Three-month interbank money finished at 13⅞ per cent, down slightly from 13{illegible} per cent on Thursday, while three-month eligible bank bills were bid at 13⅝ per cent compared with 13{illegible} per cent. Weekend interbank money opened at 14⅞-15⅛ per cent and touched a high of 15½ per cent before easing at the close to 11 per cent.

UK clearing banks base lending rate 14 per cent since January 28

The Bank of England forecast a shortage of around £1,250m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £498m and Exchequer transactions £485m. In addition, there was a rise in the note circulation of £255m and banks brought forward balances £10m below target.

To help alleviate the shortage the Bank offered an early round of assistance and this comprised purchases of £42m of eligible bank bills in band 2 (15-33 days) at 13⅞ per cent and in band 4 (64-91 days) £2m of local authority bills and £17m of eligible bank bills at 13⅞ per cent. It also arranged sale and repurchase agreements on £133m of bills at 13⅞ per cent, for resale in equal amounts on April 10 and 12.

The forecast was later revised to a shortage of around £1,200m before taking into account the early help and the Bank gave additional assistance in the morning of £683m. £16m of which were outright through purchases of eligible bank bills in band 2 at 13⅞ per cent. It also arranged sale and repurchase agreements on £586m of bills at 13⅞ per cent, unwinding in equal amounts on March 25 and 26 and £81m at 13⅞ per cent for resale in equal amounts on April 10 and 12. In the afternoon the Bank gave additional help of £48m through purchases of £20m of eligible bank bills in band 1 (up to 14 days) at 13⅞ per cent and £28m in band 2 at 13⅞ per cent. Late help came to £225m, making a total of £1,150m.

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Mar. 15 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11-15⅛	14¾-15	14⅛-10⅛	7-14⅛	—	—	—	—	—
2 days notice	—	—	14⅜-14¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14¾-15	14⅞	15⅛-15¼	14-14¼	—	—	—	—	—
One month	14⅛-14⅛	14⅛-14½	14⅝	14⅝	13⅞	13⅝	15⅜	13⅝	13¾	14⅝
Two months	14-13½	14-14⅛	14⅛	14¼	15	13⅝	13½	13⅝	13½	14¼
Three months	13⅝-13½	13⅞-10⅞	13¾	14⅛	12½	13⅛	15¼	13⅝	13⅛	14
Six months	10¾-19⅝	12⅞-15⅛	13⅞	—	—	—	—	12⅝	12⅛	15
Nine months	10½-10⅝	12⅝-10⅞	—	—	—	—	—	—	—	—
One year	12⅛-12¼	10⅞-12¾	12½	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	15¼-14⅞	—	14¼	8.85-8.95	9¾-9	10⅛-10½
Two months	14⅝-14¼	—	14	9.1-9.2	8⅞-9⅛	10⅝-10⅛
Three months	14⅛-15⅛	—	13⅞	9.3-9.4	9⅛-9⅛	10⅝-10⅞
Six months	13⅝-10	—	15	9.9-10.9	9⅝-9⅝	10⅝-10⅛
Nine months	13⅛-15¾	—	10¾	10.45-10.55	—	—
One year	12⅞-19½	—	12¾	10.9-11.0	9⅛-9⅛	10⅝-10⅛
Two years	—	12⅛	—	—	—	—
Three years	—	13	—	—	—	—
Four years	—	13	—	—	—	—
Five years	—	13	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period February 6 to March 5 1985 (inclusive): 13.883 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12½ per cent from March 1 1985. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Rates for sums at seven days' notice 11-11½ per cent. Treasury Bills: Average tender rates of discount 13.1761 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 14 per cent; one-three months 13¾ per cent; three-six months 13¾ per cent; six-nine months 12¾ per cent; nine-12 months 12½ per cent. Under £100,000 12 per cent from March 12. Deposits held under Series 5 12½ per cent. The rate for all deposits withdrawn for cash 5 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. March 15)

Three months U.S. dollars

bid 10 1/2	offer 10 5/8

Six months U.S. dollars

bid 10 1/8	offer 10 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Mar. 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	14¾-15	8⅝-8¾	10-10½	7-7⅛	1⅝-1⅝	6⅞-5	10⅛-10⅞	13¼-14¼	10¼-10¾	10⅛-10¾	6⅛-6⅛	13-13½
7 day's notice	14⅝-14⅞	8¾-8⅞	10¼-10¾	7-7⅛	1¾-0	6⅞-6	10⅛-10⅞	15⅞-14⅞	10½-11	10½-10¾	6⅛-6⅛	12½-13
Month	14¼-14⅝	8⅞-9⅛	10⅞-11⅛	7⅛-7⅛	5⅞-5⅞	6-5⅛	10⅝-10¾	15⅞-14⅞	10¼-10¾	10½-10⅝	6⅛-6⅝	11⅞-12⅞
Three months	13⅞-13⅞	9-9⅛	11⅝-11⅞	7⅛-7⅛	5⅞-5⅞	6⅛-6⅛	11⅞-11⅞	14⅝-14⅞	10½-11	10¾-11	6⅝-6½	11¼-11¾
Six months	13⅞-13⅞	10-10⅛	11⅞-12⅛	7⅝-7⅞	5⅞-5	6½-6⅝	11½-11⅝	15-15⅜	10½-11	10⅞-11⅛	6⅝-6⅞	11-11⅛
One year	12⅞-12⅞	10⅞-11	12⅞-12⅞	7⅛-7⅛	5¾-6⅛	6¾-6⅞	12⅞-13⅞	16-16⅜	11-11⅛	11⅛-11⅝	6⅝-6⅞	11⅝-11⅞

Asian $ (closing rate in Singapore): Short-term 8{illegible}-8{illegible} per cent; seven days 8{illegible}-8{illegible} per cent; one month 9-9⅛ per cent; three months 9⅜-9½ per cent; six months 10{illegible}-10{illegible} per cent; one year 11-11⅛ per cent. Long-term Eurodollars: two years 11½-11⅞ per cent; three years 12-12¼ per cent; four years 12⅛-12⅜ per cent; five years 12½-12¾ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1984/5 High	1984/5 Low
METALS					
Aluminium					
Free Market c.i.f.	$1105/1145	−20	$1510/1540	$3575/3525	$1025/1075
Antimony					
Free Market 99.6%	$3350/2930	+300	$3400/3450	$3575/3525	$3450/82
Copper-Cash High Grade	£1258	+31.5	£1044.5	£1303.75	£945
3 months Do. Do.	£1278.5	−27	£1060.5	£1331.75	£969.75
Gold per oz	$294.5	+3.25	$394	$405.75	$284.70
Lead Cash	£311.5	−13	£314.5	£399.6	£269.5
3 months	£320.25	+14.63	£320.5	£387.67	£279.95
Nickel					
Free Markets c.i.f. lb	233/262c	−1	219/232c	257/267c	205/220
Palladium per oz	$110.35	−1.4	$160.00	$160.25	$109.75
Platinum per oz	$248.70	−2.75	£275.05	$411.25	$244.25
Quicksilver (76 lbs)	$290/300	—	$305/310	$315/318	$285/295
Silver per oz	523.45p	−10.90	649.70p	678.70p	508.60p
3 months per oz	540.45p	−11.30	655.35p	694.40p	522.20p
Tin cash	£10,165.5	−47	£8540	£10,227.5	£8370
3 months	£10,153.5	−59	£8867.5	£10,232.5	£8517.5
Tungsten Ind	$76.65	—	$75.50	$89.55	$73.44
Wolfram (22.04 lb.)	$75/78	—	$86/90	$86/90	$64/68
Zinc cash	£834	−16.5	£718	£844.5	£590.5
3 months	£805.75	−16.75	£699.75	£822.5	£594.5
Producers	$900/940	—	$1,060	$1050/1050	$900
GRAINS					
Barley Futures	£117.20u	+0.45	£132.50	£154.55	£106.65
Maize French	£149.00	—	£147.50	£154.50	£143.00
WHEAT Futures	£119.75u	+1.60	£108.20	£150.50	£106.55
SPICES					
Cloves	‡	—	£5,400	£5,500	£4,000
Pepper white	‡	—	$3,200	$3,500	$2,900
black	‡	—	$1,900	$2,430	$1,800
OILS					
Coconut (Philippines)	$880v	—	$1,157	$1,075	$750
Palm Malayan	$615z	—	$750	$1,060	$559
SEEDS					
Copra (Philippines)	$630z	—	‡	$665	$450
Soyabeans (U.S.)	$248	+0	$328.5	$358	$236.75
OTHER COMMODITIES					
Cocoa Futures May	£2090	−1.5	£1817	£2,266.5	£1638
Coffee Futures May	£2432	−23.6	£1966	£2,510	£1,899.6
Cotton Index	‡	—	88.65c	90.10c	66.75c
Des. Coconut	‡	—	£1,050	£1,345	£995
Gas Oil Fut. April	$324	−1.75	$343.25	$257.70	$214.25
Jute UA BWC grade	‡	—	$510	$590	$485
Rubber kilo	69.5p	−0.5	80p	91p	58p
Sisal No. 3L	‡	—	$640	$670	$530
Sugar (Raw)	$110.5z	−3.5	£213	$194	$92
Tea (quality) kilo	290p	—	302p	375p	267p
(low med) kilo	194p	−4	234p	260p	196p
Wooltops 64s Super	505p kilo	+2	463p kilo	526p kilo	483p kilo

‡ Unquoted. (g) Madagascar. (x) April. (y) Apr-May. (z) March-April. (u) May. (v) May-June.

OIL

Brent traded modestly in a narrow range as crude oil trading in general simply marked time. In the petroleum products market gas oil prices were stable as the market awaited some sign of direction. Heavy fuel fell sharply with good supplies chasing negligible buying interest—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	27.65-27.75	—
Arab Heavy	26.55-26.65	—
Dubai	27.00-27.05	—
Brent Blend	27.70-27.75	—
W.T.I. (1pm est)	28.20-28.25	+0.40
Forcados (Nigeria)	27.95-28.15	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	252-253	+3.5
Gas Oil	234-235	+0.5
Heavy fuel oil	161-163	−8.0

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or −	Business Done
	$ U.S. per tonne		
March	233.75	−0.25	234.50-33.50
April	224.00	+0.50	224.50-23.25
May	221.00	+1.75	221.25-19.25
June	210.50	+0.75	219.75-18.50
July	218.75	−0.25	218.75
Aug	221.50	+0.75	—
Sep	225.50	+0.50	—

GOLD

Gold rose $2½ an ounce from Thursday's close in the London bullion market yesterday to finish at $294¼-294¾. The metal opened at $290¼-290¾ and traded between a high of $294¾-295¼ and a low of $289½-290. A weaker dollar helped gold to improve from opening levels and it was fixed in the afternoon after a very long fixing session at $292.70. In addition, early gold sales quickly attracted buying interest as the day's low was touched.

GOLD BULLION (fine ounce) Mar. 15

Close	$294¼-294¾	(£270¾-271¼)
Opening	$290¼-290¾	(£269¾-270¼)
M'n'g fix.	$289.90	(£269.926)
Aft'n'n fix.	$292.70	(£269.199)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$300¾-302¾	(£270½-277¼)
½ Krug.	$156-150¼	(£142¼-143¼)
¼ Krug.	$78¾-79½	(£72¼-70)
1/10 Krug.	$32-32¾	(£20¼-30)
Mapleleaf	$300¾-305	(£276-278)
New Sov.	$68½-70	(£63-64½)
½ New Sov.	$41½-45	(£38-39½)
Old Sov.	$70-71½	(£64¼-65¾)
$20 Eagle	$460-490	(£424-451½)
Noble Plat	$255-258	(£230-237½)

INDICES

FINANCIAL TIMES

Mar. 14	Mar. 13	M'th ago	Year ago
300.47	290.70	296.41	302.56

(Base: July 1 1952 = 100)

REUTERS

Mar. 15	Mar. 14	M'th ago	Year ago
2022.3	2020.7	2024.0	1979.0

(Base: September 18 1931 = 100)

MOODY'S

Mar. 13	Mar. 12	M'th ago	Year ago
950.4	949.2	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Mar. 13	Mar. 12	Month ago	Year ago
Spot	110.75	116.28	—	—
Fut.	120.63	120.49	—	—

(Base: December 31 1974 = 100)

REVIEW OF THE WEEK

Cocoa traders await pact talks result

BY OUR COMMODITIES STAFF

TALKS IN Geneva aimed at negotiating the International Cocoa Agreement (ICA) were the main, if not the only, focus of interest on the London cocoa futures market this week.

Prices fluctuated widely as on-the-spot reports varied between optimism that agreement was within reach and resignation that the talks were heading for collapse. The May delivery position traded between a high of £2,139 a tonne and a low of £2,065 before ending £1.50 down on the week at £2,090 a tonne.

Traders were still left guessing as to the talks' outcome as they departed for the weekend. Delegates were quoted as saying negotiations had ceased, but there were also reports that major producers were preparing to make some concession in the price support level they were seeking in an effort to revive them.

The meeting was due to end at midnight but delegates were not ruling out a second extension of the talks, which were originally scheduled to end a week ago, if there seemed a real possibility of agreement.

They thought it more likely, however, that consumers would accept any concession as something to take home for consideration rather than try to cobble up a last minute deal.

Rumours circulating in London said the producers had come down substantially from the 130 cents a pound mid-point support level they were seeking, while the consumers were prepared to come up a cent or two from the 100 cents a pound level they have been arguing for. The current market price is at about 98 cents a pound.

The current agreement, which was supposed to keep the price between 106 cents and 146 cents a pound through buffer stock buying and selling, is due to expire at the end of September. It could be extended for a further year, however, and many observers still feel this is the most likely outcome.

On the London Metal Exchange (LME) sterling's steadier tone encouraged a general decline in prices.

Cash copper wirebars ended £31.50 down on the week at £1,258 a tonne, despite a hefty 5,300 tonnes fall in LME warehouse stocks last week, which took the total below 100,000 tonnes for the first time since October 1974.

Lead and zinc prices were also down quite sharply but the fall in tin prices was limited by buying on behalf of the International Tin Council's buffer stock.

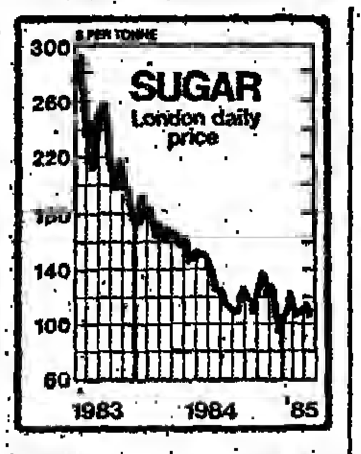
The decline in aluminium prices—the cash quotation lost £40 to £1,000 a tonne—was largely due to a surprise rise in western world end-January stocks announced by the International Primary Aluminium Institute (IPAI) on Monday.

Market forecasts had been for a 50,000 to 100,000 tonnes reduction in stocks because of extensive production cuts last year. Instead they rose by 30,000 tonnes.

The biggest stocks rise during January was in Oceania (Pacific basin countries) and an explanation of this was forthcoming on Tuesday when Australia announced record production in 1984 of 756,700 tonnes, up from 475,000 in 1983.

The Australian increase was explained by the fact that two big new smelters had reached full production in the middle of the year.

Aluminium production continued to increase in low cost southern hemisphere producers, like Australia, and in third world countries, in spite of last year's fall in prices. As a result production cuts in Europe, Japan and North America have not led to the fall in world stocks which might have been expected.



BASE METALS

COPPER

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,257, three months £1,283, 80, 77, 76. Cathodes: Cash £1,256. Kerb: Higher Grade £1,276, 76.5, 77, 78. Afternoon: Higher Grade: Three months £1,274, 73.5, 73, 74, 78, 78.5. Kerb: Higher Grade: Three months £1,278, 77, 76.5, 76, 75.5. Turnover: 19,200 tonnes. U.S. Producers: 65-67 cents a pound.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	1256-7	+1.5	1257.5-8.5	−.5
3 months	1275.5-6	+1.75	1278-79	+1
Settlem't	1257	−1.5	—	—
Cathodes				
Cash	1256-7	+5.5	1258-60	+8
3 months	1272-4	—	1278-80	+5
Settlem't	1257	+5		

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	10175-74	+8.5	10165-8	+5
3 months	10155-80	+5.8	10176-80	+12.5
Settlem't	10174	+4	—	—
Standard				
Cash	10170-4	+42	10165-66	+34.5
3 months	10145-50	+18.5	10162-5	+21
Settlem't	10174	+42	—	—
Straits E.	$29.15		—	—

Tin — Morning: Standard: Three months £10,160, 70, 65, 60, 65. High Grade: Cash £10,175, 70, 71, 72, 73, three months £10,185. Kerb: Standard: Three months £10,160. Afternoon: Standard: Three months £10,155, 60, 65. High Grade: Cash £10,166, 68, three months £10,175, 78. Kerb: Standard: Three months £10,155, 60. Turnover: 1,955 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	311-.5	−3	311-2	−2
3 months	318.5-9	+5.5	320-.5	−1.75
Settlem't	311.5	−3	—	—

Lead — Morning: Cash £311, 10.5, three months £323, 22, 21.5, 21, 20, 19, 20. Kerb: Three months £319, 18.5, 19. Afternoon: Three months £319, 20. Kerb: Three months £320, 19, 18.5, 19, 20, 21, 20.5. Turnover: 7,950 tonnes. U.S. Spot: 17-22 cents a pound.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	839-41	+6.5	833-6	−5
3 months	812.5-3	+7.25	806.5-6	−3.75
Settlem't	858	+5	—	—

Zinc—High Grade Official/Unofficial prices: Cash am £844-£845, pm £848-£815. Three months am £842-£844, pm £833-£838. Settlement £845. Morning: Three months £812.5. Kerb: Three months £812, 10, 10.5. Afternoon: Three months £810, 11, 9, 7, 0, 5.5. High Grade: Cash £841.5. Kerb: Three months £805, 5, 4, 5.5, 4, 4.5. Turnover: 8,050 tonnes. U.S. Prime Western: 45-45.75 cents a pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	1905-.5	+7.5	993.5-1000.5	—
3 months	1042.5-3	+7.5	1035-6	−1.75

three months £1,043, 42, 43, 42, 41.5, 42, 43, 42.5, 43. Kerb: Three months £1,042, 41. Afternoon: Three months £1,033, 33.5, 33, 34, 34.5, 35, 36. Kerb: Three months £1,036, 37, 36, 35, 34, 33, 4, 4.5. Turnover: 18,950 tonnes.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	4745-50	+10	4725-30	+10
3 months	4795-805	+3.5	4775-80	−5

Nickel — Morning: Three months £4,80, 25, 26, 20, 18, 10, 5, ⅞,800, 10. Kerb: Three months £4,805. Afternoon: Three months £4,765, 70. Kerb: Three months £4,780. Turnover: 1,278 tonnes.

SILVER

Silver was fixed 8.85p an ounce lower for spot delivery in the London bullion market yesterday at 523.45p. U.S. cent equivalents of the fixing levels were: spot 563.50c, down 2.15c; three-month 575.1c, down 2.25c; six-month 591.3c, down 1.35c; and 12-month 624.65c, down 9.15c. The metal opened at 524-527p (564-567c) and closed at 524½-527½p (570-573c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	523.45p	−8.85	524.5p	+3
3 months	540.45p	−8.15	542.5p	+3
6 months	556.10p	+0.80	—	—
12months	597.25p	+1.95	—	—

LME—Turnover: 224 (98) lots of 10,000 oz.

Morning: 1st ring three months 540.0, 2nd ring three months 541, 43, 45, 44. Kerb: large three months 54, 43, 42.5. Afternoon: untraded.

COCOA

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	2097-2099	−3.5	2131-2082
May	2089-2091	−0.0	2093-2072
July	2066-2068	−1.0	2080-2056
Sept.	2032-2065	+6.5	2053-2045
Dec.	1977-1980	+7.0	1986-1965
Mar.	1975-1974	+7.0	1979-1958
May	1958-1985	+7.5	—

Sales: 3,424 (5,036) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for March 15: 97.59 (97.71); five-day average for March 15: 98.18 (97.82).

COFFEE

COFFEE	Yesterd'ys Close	+ or −	Business Done
March	2378-80	+2.0	2392-75
May	2451-55	−0.6	2447-36
July	2472-75	−2.5	2486-65
Sept.	2500-02	−4.9	2520-96
Nov.	2498-00	−6.9	2519-98
Jan	2455-59	−8.5	2478-60
March	2461-98	−0.0	—

Sales: 1,498 (1,585) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for March 14: Comp daily 1979 131.72 (132.12); 15-day average 131.15 (131.08).

GRAINS

Business done—Wheat: March 118.75 only. May 115.75-5.00, July 123.45-2.75, Sept 98.25-8.00, Nov 101.60-0.95, Jan 105.25-5.00. Sales: 336 lots of 100 tonnes. Barley: Mar 114.75-4.35, May 117.25-6.95, Sept 98.16-7.55, Nov 101.65-1.40, Jan untraded. Sales: 179 lots of 100 tonnes.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or −	Yesterd'ys close	+ or −
Mar.	118.95	+0.35	114.75	+0.45
May	110.75	+0.75	117.20	+0.28
July	125.45	+0.35	—	—
Sept.	98.85	+0.45	98.19	+0.55
Nov.	101.50	−0.50	101.70	+0.45
Jan.	105.25	+0.45	105.16	+0.55

LONDON GRAINS—Wheat: U.S. dark northern spring no. 1 15 per cent Mar 183.25, April/May 187, June 168.20, July 163.30 transhipment east coast. U.S. no. 2 soft red winter April 162.50, May 163, July 150.25 transhipment east coast. EC French July 110.25-110 cif free out south/west coast. English feed fob April 121 seller east coast. Maize: U.S. no. 3 yellow/French transhipment east coast March 149. Barley: English feed fob April 119 Boston. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed Barley: Eastern 110.70, E. Mids 113.10, N. East 114.00, Scotland 112.80. The UK monetary coefficient for the week beginning Monday March 25 (based on HGCA calculations using three days' exchange rates) is expected to change to 1.014.

PIGMENT

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
April	110.50	109.80	110.20-110.80
June	107.90	107.90	107.90
Aug.	105.60	100.20	—
Oct.	109.90	108.90	109.25-109.00
Nov.	109.90	110.00	110.0-109.00
Feb.	100.50	100.00	—

Sales: 33 (101) lots of 50 carcases, 3,250 kg.

POTATOES

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
April	43.60	49.90	44.00-45.00
May	48.50	47.50	43.00-47.85
Nov.	71.00	70.80	71.00
Feb.	79.40	70.80	—
Apr.	92.60	98.00	—

Sales: 124 (327) lots of 40 tonnes.

RUBBER

PHYSICALS—The London market opened very quiet, attracted little interest throughout the day, and closed on an easier note, reports Lewis and Peat. Closing prices (buyers): spot 68.50p (same); April 73.50p (74.00p); May 74.00p (74.50p). The Kuala Lumpur fob price for April RSS No 1 was 198.5 (197.9) cents a kg and for SMR was 188.5 (same).

SOYABEAN MEAL

	Yesterday close	+ or −	Business Done
	£ per tonne		
April	149.0-149.5	+0.45	149.3-148.5
June	140.5-141.2	+0.95	—
August	140.5-141.5	−0.90	141.0-140.5
October	145.2-145.8	−0.59	146.3-144.8
Dec.	151.9-152.0	−0.25	—
Feb.	158.1-158.7	—	158.5
April	157.0-158.8	+0.46	—

Sales: 210 (546) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $110.50 (£102.50), down $3.00 (down £1.50) a tonne for March-April delivery. White sugar $129.50, down $3.50.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
May	111.0-111.8	113.8-114.6	116.0-111.4
Aug.	117.2-117.4	118.0-119.6	118.0-117.4
Oct.	122.0-122.4	126.8-124.2	124.8-122.3
Dec.	128.6-129.8	129.6-131.0	156.5
Mar.	142.2-142.4	145.9-144.0	148.4-142.2
May	147.5-148.0	148.8-149.4	148.4-147.9
Aug.	153.2-154.6	154.0-156.0	154.8-154.4

Sales: 1,228 (1,467) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £210.00 (£213.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for March 14: Daily price 3.79 (3.88); 15-day average 3.83 (3.82).

AMERICAN MARKETS

HEATING OIL prices advanced on forecasts of low temperatures in Europe and continued tightness in the spot market, reports Heinold Commodities. Soyabeans traded stronger on the close getting support from a strong soyaoil market which more than compensated for the eroding meal market. Maize was mixed as profit-taking in nearby positions led to buying of distant months. Wheat rallied sharply on extremely tight deliveries. Gold and silver were steady to higher with U.S. banking concerns underpining values.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
March	48.30	48.35	48.35	48.50
April	48.55	—	—	48.70
May	48.95	49.20	48.95	49.19
July	49.80	50.05	49.80	49.90
Sept	50.65	50.90	50.65	50.75
Dec	51.90	—	—	52.00
Jan	52.30	—	—	52.40
March	53.15	—	—	53.25
May	53.95	—	—	54.05
July	54.75	—	—	54.85

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	2130	2188	2159	2175
May	2122	2165	2159	2169
July	2080	2088	2066	2080
Sept	2060	2070	2055	2058
Dec	2016	2020	1996	2005
March	2010	2020	2010	1995
May	—	—	—	1995
July	2010	—	—	1995

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
March	141.27	41.50	40.00	40.45
May	142.73	43.16	40.45	42.18
July	143.79	43.60	42.60	43.14
Sept	142.93	43.00	42.15	42.89
Dec	142.05	42.35	41.53	42.03
March	141.29	41.50	40.80	41.50
May	140.38	—	—	40.08

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
March	59.20	59.25	58.65	59.00
April	59.45	—	—	59.25
May	59.90	60.05	59.30	59.70
July	60.55	60.70	60.10	60.35
Sept	61.05	61.10	60.75	60.85
Dec	61.80	62.00	61.70	61.70
Jan	62.15	—	—	61.95
March	62.75	63.10	62.45	62.60
May	63.35	63.05	63.05	63.10
July	63.95	63.60	63.75	63.70

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
May	65.30	66.20	65.25	65.68
July	65.05	65.40	65.00	65.18
Oct	65.05	65.30	65.05	65.02
Dec	65.02	65.65	64.95	65.20
March	66.00	66.60	66.25	66.20
May	66.42	—	—	66.65
July	66.62	—	—	66.75

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
April	28.36	28.38	28.15	28.19
May	27.67	27.73	27.47	27.53
June	27.24	27.28	23.19	27.08
July	27.00	27.05	26.86	26.91
August	26.90	26.95	25.80	26.75
Sept	26.77	26.77	26.75	26.68
Oct	26.75	—	—	26.71
Nov	25.80	26.75	26.80	26.74
Dec	26.75	26.75	26.75	26.74

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
March	294.5	—	—	291.9
April	295.2	2096.3	291.0	291.8
May	297.2	—	—	293.9
June	299.3	300.0	295.2	296.9
Aug	303.5	304.9	300.0	300.5
Oct	308.5	309.0	307.5	305.5
Dec	314.3	314.5	311.5	311.1
Feb	319.7	319.4	310.4	315.8
April	325.3	324.8	324.6	322.2
June	331.3	331.1	331.1	328.3
Aug	337.6	337.5	337.5	334.7
Oct	344.0	—	—	341.2
Dec	350.4	349.9	349.0	347.6

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
April	77.15	77.35	76.40	76.53
May	73.65	73.90	73.05	73.10
June	71.90	72.70	71.45	71.60
July	71.50	71.50	71.15	71.30
Aug	71.95	71.85	71.40	71.59
Sept	72.95	72.50	72.05	72.15
Oct	73.00	—	—	—
Nov	73.75	—	—	—
Dec	74.50	—	—	74.50

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
March	163.90	64.40	63.45	63.50
May	168.60	67.20	65.90	64.70
Sept	166.90	67.10	65.65	65.60
Nov	165.10	—	—	65.15
Jan	164.00	64.30	64.00	67.60
March	164.15	—	—	64.25
May	164.15	—	—	64.25
July	164.15	—	—	64.25

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
March	247.9	—	—	242.4
April	248.5	248.8	243.5	243.3
July	252.0	253.0	247.5	247.3
Oct	257.5	259.0	256.5	252.5
Jan	265.2	263.5	262.0	259.5
April	269.9	—	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
March	569.4	573.9	568.0	568.0
April	571.2	—	—	570.2
May	576.0	580.5	571.9	574.0
July	583.9	590.0	580.0	563.9
Sept	594.3	600.9	591.0	593.5
Dec	610.5	614.0	607.0	610.1
Jan	616.5	—	—	615.9
March	627.4	629.2	629.2	626.9
May	639.5	—	—	639.1
July	652.0	649.0	649.0	651.5

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
May	3.95	4.04	3.95	3.95
July	4.09	4.21	4.09	4.13
Sept	4.24	4.35	4.24	4.29
Oct	4.42	4.53	4.42	4.49
Jan	4.91	4.93	4.95	4.94
March	5.37	5.43	5.36	5.38
May	5.63	5.66	5.63	5.61
July	5.83	5.88	5.84	5.86

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
April	62.00	62.55	61.57	62.75
June	65.25	65.75	[illegible]	65.72
Aug	64.90	65.30	64.40	65.22
Oct	63.07	63.57	62.95	63.60
Dec	64.25	64.70	63.92	64.77
Feb	64.65	65.70	64.50	65.70
April	66.10	66.10	66.00	66.95

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
April	45.00	45.97	44.75	45.72
June	49.97	50.75	49.05	50.47
July	51.77	52.00	50.50	51.52
Aug	51.05	51.55	51.25	51.10
Oct	47.10	47.70	46.70	47.72
Dec	47.80	49.35	47.40	47.97
Feb	48.07	49.40	47.90	48.10
April	46.00	46.35	46.00	46.00
June	47.95	48.00	47.77	47.80

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
March	272.0	272.5	271.5	272.4
May	274.0	274.0	272.4	271.4
July	275.2	275.4	274.4	275.0
Sept	267.8	267.0	264.6	267.2
Dec	267.0	267.0	261.0	261.4
March	270.4	270.4	269.4	270.0
May	276.8	276.2	275.4	276.2

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
March	72.27	73.00	70.40	72.05
May	72.00	72.00	70.20	72.10
July	72.05	72.05	70.45	72.05
Aug	70.75	71.00	68.50	70.72
Feb	71.00	71.00	69.05	71.55
March	71.05	71.05	69.00	70.80
May	71.60	71.60	69.40	71.60
July	71.90	71.90	69.90	71.90

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
March	584.2	587.0	574.0	572.4
May	591.4	594.4	580.9	580.2
July	601.4	603.0	590.0	598.5
Aug	602.4	604.4	592.9	590.2
Sept	595.4	599.4	585.4	586.4
Nov	599.2	600.0	585.0	587.2
Jan	609.0	609.4	600.0	600.4
March	619.0	620.4	619.0	610.0
May	627.0	—	—	627.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	127.3	129.9	127.2	128.0
May	131.5	133.3	131.5	132.6
July	137.4	139.0	137.3	138.5
August	140.3	141.5	140.3	141.2
Sept	142.5	143.7	142.0	143.1
Oct	145.2	146.5	144.5	146.0
Dec	150.3	151.2	150.3	151.8
Jan	151.5	152.8	151.5	152.5
March	158.0	158.0	156.0	157.2
May	159.0	—	—	—

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
March	31.27	31.50	30.85	30.87
May	29.30	29.46	29.03	29.00
July	28.20	28.40	28.00	28.05
August	27.45	27.70	27.30	27.30
Sept	26.75	26.95	26.65	26.60
Oct	25.85	26.05	25.80	25.75
Dec	25.22	25.40	25.00	25.00
Jan	24.95	25.25	24.80	24.70

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	355.6	356.0	353.2	351.0
May	344.2	345.0	343.6	340.6
July	331.5	332.0	330.0	329.4
Sept	332.0	332.0	330.4	330.0
Dec	342.8	343.6	340.4	341.0
March	348.2	348.4	346.2	345.6

SPOT PRICES—Chicago loose lard 25.00 (24.50) cents per pound. New York tin 508.0-30.0 (508.0-25.0) cents per pound. Handy and Harman silver bullion 568.0 (567.5) cents per troy ounce.

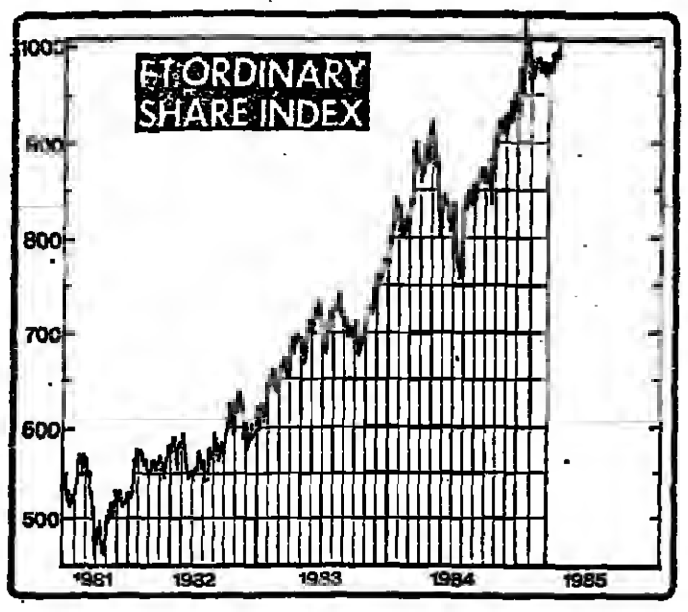
MARKET REPORT

Pre-Budget buying takes index above 1,000 again
Hopes of favourable measures also lift Gilts

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb 25	Mar 7	Mar 8	Mar 18
Mar 11	Mar 21	Mar 22	Apr 1
Mar 25	Apr 11	Apr 12	Apr 22

* "New-time" dealings may take place from 9.30 am two business days earlier.



Investors launched a pre-Budget buying spree on the London stock market yesterday and the FT Ordinary Share Index re-crossed 1,000 for the first time since January 25 to close 12.4 up at 1,002.5. Government bonds were included in the demand and also rose sharply. Many traders were caught out by the sudden burst of investment enthusiasm, most having resigned themselves to a quiet run-in to Tuesday's Budget. Trading was consequently thin with the rise in values accelerated as dealers hastened to cover short book positions.

Another early surge in the dollar failed to subdue confidence. The U.S. currency weakened late on less buoyant economic data and a report that recent heavy deposit withdrawals from an Ohio savings and loan institution had led to the surprise declaration of a three-day bank holiday. Sterling closed in London at $1.0840, after $1.0715.

Equity market sentiment continued to be stimulated by the recent flow of good trading statements, although the list of companies reporting yesterday was relatively small. Leading shares showed the best gains with the emphasis remaining on issues such as **BTR**, **Vickers**, **GKN** and **TI**. The Engineering sector as a whole has benefited this week from the annual results of the two last-named groups.

Woolworth maintained their upward momentum on fresh speculative support which eventually brought an announcement of "no approach or share build-up" from the Store group. The situation reached a head in the late-afternoon and dealings in the stock were momentarily halted when one jobber suddenly widened his dealing spread to 300p and quoted a nominal price of 900p. Shortly afterwards trade resumed on a more orderly basis and Woolworth settled at 690p, a gain of 41 on the day and one of 85 on the week.

Government securities improved throughout the session, influenced initially by Thursday's late rally in U.S. bonds and later by sterling. In this area of the market, too, business was thin and generally one way, with holders being reluctant to dispose of stock ahead of the Budget. Having suffered a sharp setback on Thursday, longer-dated issues recovered and finally registered gains extending to ⅞. Index-linked Gilts also made useful headway but the shorts tended to lag behind. The firmness was fully maintained in the after-hours' trade in the absence of any new Government funding.

Lloyds brokers strong

Lloyds Brokers were one of the more active areas of the market. Bullish reports emanating from an analysts' meeting held late on Thursday to discuss **Sedgwick's** preliminary statement induced buyers, but gains were often exaggerated by stock shortages. Sedgwick ended 25 up a 1984-85 peak of 410p, while **Willis Faber**, due to announce annual results on Wednesday, jumped 35 to 705p. **C. E. Heath** ended similarly better at 665p, **Stewart Wrightson** added 20 at 645p and **Minet** a like amount at 305. **Hogg Robinson** gained 11 to 306p. Composites also put up a firm showing. **Commercial Union**, still responding to a broker's recommendation, improved 3 more for a gain of 14 on the week to 199p. **General Accident** rose 25 to 585p and **Royals** 13 to 600p. **GRE** advanced 13 to 693p; the annual figures are scheduled for April 3. Life issues, on the other hand, remained nervous about possible pension tax legislation in the Budget. **Equity and Law** gave up 7 to 243p and **Pearl** ¼ at £11¾.

Proceedings in the drinks sector again centred on **Matthew Brown** which attracted persistent speculative attention and touched a new high of 328p before settling 8 higher on the session and 55 dearer on the week at 323p. Buyers also displayed fresh enthusiasm for **Belhaven**, 2 up for a two-day advance of 6 at 50p.

Leading Buildings attracted light support and closed at the day's best. **RMC** moved up 10 to 388p and **Redland** rose 5 to 290p, while **Blue Circle**, 515p, and **BPB Industries**, 255p, both improved 3. Among Contracting and Construction issues, **Barratt Developments** continued to trade nervously ahead of next Tuesday's interim results and shed 2 to a 1984/85 low of 66p. **Ward Holdings**, however, still reflecting a newsletter recommendation, hardened a penny more to 183p, after 186p, for a gain on the week of 25.

Following a reasonable turnover in New York overnight, **ICI** edged steadily higher to close 5 dearer on balance at 815p.

Grattan below best

The Stores sector continued in fine fettle ahead of the Budget. **Grattan** touched 190p before closing 6 up on balance at 186p following the better-than-expected preliminary profits, while **Freemans** added 6 to 198 in sympathy; the latter's annual figures are scheduled for March 25. Despite the managing director's denial on Thursday of recent rumours concerning a stake build-up or bid from Arthur Guinness, speculators again sought **W. H. Smith "A"** which closed 8 up on the day and 26 higher on the week at 218p. Renewed speculative buying lifted **J. Hepworth** 7 to 198p and **Dixons** improved 12 to 618p. Old takeover favourite, **Waring and Gillow**, dropped to 136p on news of the £0.4m interim deficit before rallying strongly after-hours' on revived speculative support to finish a net 3 up at 145p. **Gussies A**, 27 better at 754p, performed well among the leaders. Among Shoe concerns, **George Oliver "A"** gave up 12 to 308p after the disappointing results.

Apart from **Plessey**, which encountered a useful demand and closed 10 to the good at 194p, leading Electricals showed little alteration. Elsewhere, a late flurry of buying prompted a rise of 8 to 156p in **Ferranti**, but nervous selling took **CPU Computers** down to 18p before a sharp rally to 31p, down 5 on balance.

The Engineering sector continued to claim considerable attention. Comment on the annual figures enlivened interest in **TI**, which gained 8 further to 248p, while **GKN**, still reflecting the preliminary results announced earlier in the week, traded briskly again and closed 7 to the good at 238p. **Vickers** rose 8 more to 266p. Outside of the leaders, **Glynwed** continued to attract buyers and put on 7 more to 196p, while late support lifted **Ransomes Sims** 15 to 633p. **Haden**, currently in receipt of a cash bid of 240p per share from Trafalgar House, advanced 20 to 315p in anticipation of its defence document. **Delta** edged up a couple of pence more to 140p ahead of the preliminary figures, due soon, while **Birmid Qualcast**, a bid chestnut, firmed 3½ to 89p.

Interest in the Stores sector spilled over into Food Retailers with recently-overlooked **J. Sainsbury** rising 6 to 302p. Elsewhere, **Rowntree Mackintosh** opened higher at 400p following favourable comment on the annual results, but slipped back in the absence of support to close unchanged at 395p. **Cadbury Schweppes**, still buoyed by a broker's circular, added 2 at 167p.

BTR feature again

Selective demand was forthcoming for the miscellaneous Industrial leaders. **BTR**, reflecting further investment support in the wake of the recently agreed merger with Dunlop, advanced 23 more to 743p for a rise of 85 on the week. **Hanson Trust** were noteworthy for a rise of 7 to 224p along with **Reed International**, which gained 20 to 600p. Press mention following the preliminary figures announced earlier in the week left **Low and Bonar** 40 to the good at 415p. Renewed demand lifted **Equipu** 15 to 217p, while **Powell Duffryn** came to life with a rise of 10 to 395p. **NMW Computers** were an erratic market advancing smartly to 325p before falling back sharply to 280p on news that the bid approach had been aborted and closing at 300p, up 20 on the day. Comment on the preliminary figures left **Transport Development** up 3 further at 127½p, after 129p. **British Aerospace** improved 9 to 380p and **Brammer** a like amount to 317p, while **Avon Rubber** continued to make headway with a fresh gain of 5 to 315p. In contrast, **BBA** closed a few pence easier at 69p following the results, proposed £8.1m rights issue and acquisition news. Recent speculative interest in **Times Veneer** petered out and the price ran back 5 to 41p.

Travel issues held the limelight in the Leisure sector following news of **Horizon Travel's** joint venture with Bass. Horizon touched 147p prior to closing a net 13 up at 145p, while **Bass** settled a few pence cheaper at 537p, after a 1984/5 peak of 544p. **Intasun** firmed 5 to 115p in sympathy with Horizon; the former also announced a £7.5m hotel acquisition yesterday. **Saga** attracted fresh support on rumours of a bid from Intasun and gained 5 to 192p, after 194p. Elsewhere, **Riley Leisure** put on 6 for a two-day gain of 10 to 53p on speculative buying.

Jaguar revived in Motors with a rise of 6 to 363p in response to comment ahead of the preliminary results scheduled for next Thursday. **Lucas** put on 6 to 284p and **AE** advanced 8 to 180p. **Dunlop** closed 3½ up making a rise of 19 on the week at 70p following the merger agreement with BTR.

Fleet Holdings attracted revived takeover speculation and advanced 14 to 292p; on Thursday, the company was quick to quash reports that talks with Aitken Hume were still in progress. Elsewhere in Publishers, **Routledge and Kegan Paul** provided one of the session's brightest features, spurting 105 to 388p following the cash-and-shares offer from **Associated Book Publishers**. The latter, due to reveal preliminary figures on March 27, closed 8 to the good at 438p.

Suggestions that Property companies could become more attractive if the Chancellor announces a reform of capital gains tax in the Budget encouraged further selective demand for the Property leaders. **Land Securities** hardened a couple of pence to 303p, as did **MEPC**, to 308p. **British Land** firmed the same amount to 145p, while **Hammerson A** rose 5 to 500p. Secondary issues were generally neglected, but **Peel Holdings** gained 7 to 340p and **Rosehaugh** moved up 20 more to 870p in restricted markets. Against the trend, **Markheath Securities** came under further nervous selling pressure ahead of the annual results, due shortly, and shed 8 for a two-day fall ow 15 to a 1984/85 low of 75p.

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Shipoiogs made progress. Consideration of the Board changes in the wake of the merger with Sterling Guarantee helped **P & O Deferred** advance 8 to 363p. **British and Commonwealth** put on 13 to 283p, prompting a sympathetic rise of 12 to 275p in **Caledonia Investments**.

After Thursday's late rise of 40 on the announcement that International Market Net (IMNET) and Telerate were engaged in discussions to make Telerate database available through the IMNET, **Exco** advanced further and touched 740p before retreating on profit-taking to close only a few pence better at 723p; **Reuters** put on 15 to 383p in sympathy.

Shell active

Following cautious comment on the annual results, a heavy two-way business developed in **Shell** which, after opening around 12 lower at 763p, fell away to 753p on domestic selling before U.S. support at the lower level left the close a net 15 down on the day at 760p. **British Petroleum**, however, made steady progress throughout and closed 7 higher at the day's best of 535p. **Ultramar**, which revealed annual profits broadly in line with market estimates on Wednesday, hardened a couple of pence to 220p for an improvement on the week of 17. Elsewhere, **Jackson Exploration** fell 14 to 83p following the £20m rights issue that accompanied the annual results. **Falcon Resources** remained a volatile market and dipped to 445p before renewed support left the close just 7 cheaper on balance at 465p. Profit-taking clipped ⅜ from high-flyer **Invest Energy** at £10½, but sudden demand lifted **Floyd Oil** 8 to 95p. Buying in front of Monday's annual results helped **Petranol** firm 5 to 280p.

Boustead, 6 higher at 69p, provided an isolated firm feature in Overseas Traders following revived speculative support.

Rundle twin buoyant

The Rundle "twins," **Central Pacific Minerals**, 33p, and **Southern Pacific Petroleum**, 15½p, spurted 12 and 6 respectively on news that Esso Exploration and Production had reaffirmed its commitment to the Rundle shale joint venture in Queensland; under the revision of the agreement, first announced in December 1981, Esso will pay a total of A$42.5m to CPM and SPP in two cash payments.

Elsewhere, Australians made modest progress across a broad front, partly reflecting steady overseas support. Gold mines benefited from a weaker domestic currency with **Gold Mines of Kalgoorlie** 10 up at 370p. **Poseidon**, 195p, and **Central Norseman**, 363p, hardened 5 apiece.

The proximity of the South African budget—rumours were still circulating of a possible increase in the surcharge on tax paid by gold and diamond mines—continued to deter investment activity in Gold shares. Most drifted gently lower in yet another thin business, although a slightly firmer tone developed in the late afternoon as bullion staged a useful rally. Down to $288.75 an ounce initially, the latter finally settled $2.75 higher on balance at $294.50 an ounce.

Among Heavyweight Golds, **Randfontein** dipped 2 points to £81½, while smaller losses were recorded in **Vaal Reefs**, £80¼, and **Southvaal**, £33⅝. The FT Gold Mines index closed 6 points off at 479.9 — restricting the gain over the five-day period to only 5 points.

The strength of London equities was reflected among Traded Options which attracted 13,060 contracts, bringing the week's daily average to 9,425. British Telecom recorded 2,633 calls and 303 puts while Jaguar, annual results due next Thursday, attracted 738 calls. The FT-SE 100 was also lively with 2,153 calls and 711 puts struck.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

No.	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri March 15 1985 Index No.
1	CAPITAL GOODS (206)	558.22
2	Building Materials (23)	581.69
3	Contracting, Construction (30)	893.89
4	Electricals (15)	1519.03
5	Electronics (36)	1727.09
6	Mechanical Engineering (60)	301.52
8	Metals and Metal Forming (8)	194.46
9	Motors (16)	175.89
10	Other Industrial Materials (16)	992.37
21	CONSUMER GROUP (181)	648.13
22	Brewers and Distillers (23)	590.20
25	Food Manufacturing (21)	512.40
26	Food Retailing (13)	1461.44
27	Health and Household Products (9)	1036.91
29	Leisure (22)	686.57
32	Newspapers, Publishing (12)	1743.55
33	Packaging and Paper (14)	325.40
34	Stores (45)	586.71
35	Textiles (19)	337.65
36	Tobaccos (3)	961.61
41	OTHER GROUPS (96)	691.74
42	Chemicals (17)	795.85
44	Office Equipment (4)	187.12
45	Shipping and Transport (12)	1157.25
46	Miscellaneous (61)	668.52
48	Telephone Networks (2)	826.99
49	INDUSTRIAL GROUP (483)	644.78
51	Oils (17)	1187.80
59	500 SHARE INDEX (500)	690.25
61	FINANCIAL GROUP (114)	446.28
62	Banks (6)	449.53
65	Insurance (Life) (9)	634.39
66	Insurance (Composite) (7)	338.55
67	Insurance (Brokers) (6)	1248.70
68	Merchant Banks (12)	239.04
69	Property (50)	642.72
70	Other Financial (25)	293.54
71	Investment Trusts (106)	632.41
81	Mining Finance (4)	288.35
91	Overseas Traders (14)	663.58
99	ALL-SHARE INDEX (734)	630.16
	FT-SE 100 SHARE INDEX	1309.9

Further columns (Day's Change %, Est. Earnings Yield % (Max.), Gross Div. Yield % (ACT at 30%), Est. P/E Ratio (Net), Thur March 14, Wed March 13, Tues March 12, Mon March 11, Year ago (approx.), Highs and Lows Index 1984-85 High / Low, Since Compilation High / Low): [illegible]

FIXED INTEREST

PRICE INDICES	Fri March 15	Day's change %	Thur March 14	xd adj. today	xd adj. 1985 to date
British Government					
1 5 years	116.46	+0.25	116.17	—	2.04
2 5-15 years	127.15	+0.54	126.47	—	2.26
3 Over 15 years	133.31	+0.66	132.44	—	2.03
4 Irredeemables	145.28	+0.64	144.35	—	1.62
5 All stocks	126.10	+0.46	125.52	—	2.17
6 Debentures & Loans	108.16	+0.04	108.13	—	1.66
7 Preference	76.63	+0.29	76.41	—	1.83
BRITISH GOVERNMENT INDEX—LINKED STOCKS					
8 All stocks	113.46	+0.52	112.87	—	0.78

AVERAGE GROSS REDEMPTION YIELDS (Fri March 15, Thur March 14, Year ago (approx.), 1984 Highs, Lows): [illegible]

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/4/82	100.00
Office Equipment	16/01/70	142.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1984/85

NEW HIGHS (126)

BRITISH FUNDS (5)
AMERICANS (5)
BANKS (2)
BREWERS (3)
BUILDINGS (4)
CHEMICALS (1)
STORES (8)
ELECTRICALS (3)
ENGINEERING (10)
FOODS (3)
INDUSTRIALS (23)
INSURANCE (12)
LEISURE (1)
MOTORS (4)
NEWSPAPERS (3)
PAPER (3)
PROPERTY (4)
SHIPPING (1)
TEXTILES (3)
TRUSTS (17)
OILS (2)
MINES (1)

NEW LOWS (11)

BUILDINGS (2)
Barratt Dvlpts. Travis & Arnold
ELECTRICALS (2)
CPU Computers OJ Security Alarms
INDUSTRIALS (1)
Brengreen
LEISURE (1)
Adam Leisure
PROPERTY (1)
Markheath Sec.
OILS (1)
Magnet Metals
MINES (3)
Gem Explrtn. Mins. Petaling Tin
York Resources

RISES AND FALLS

	Yesterday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	57	1	7	228	253	44
Corporations, Dom. and Foreign Bonds	25	13	35	89	59	217
Industrials	333	215	895	1,642	1,103	4,470
Financial and Props.	111	70	356	598	387	1,750
Oils	28	26	69	136	120	359
Plantations	3	2	12	20	12	53
Mines	29	42	107	203	193	489
Others	84	46	89	307	368	415
Totals	710	415	1,580	3,223	2,500	7,797

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
AE	180	+8	Hogg Robinson	306	+11
CPU Computers	31	−5	NMW Computers	300	+20
Fleet Hldgs.	292	+14	P & O Defd.	363	+8
GRE	693	+13	Royal Insurance	600	+13
Hanson Trust	224	+7	Sedgwick	410	+25
Heath (C. E.)	665	+35	Willis Faber	705	+35

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
BTR	76	730	+15	BP	19	528	+3
Shell Trans.	26	775	−2	Gavey Corp.	18	120	+10
GKN	22	236	+8	Sedgwick	18	385	+6
Ultramar	22	218	+8	Unilever	17	[illegible]	[illegible]
Brit. Aerospace	21	381	+13	Dunlop	17	66½	[illegible]
ICI	20	810	+5	BAT Inds.	16	[illegible]	[illegible]
TI	20	240	+20	Hanson Trust	16	217	+5

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

Stock	No. of changes	Last close	Change on week	Stock	No. of changes	Last close	Change on week
Falcon Res.	121	466	+53	Barclays	90	588xd	+18
ICI	117	810xd	−10	Midland Bank	89	338xd	[illegible]
Shell Trans.	110	775	−8	Lloyds Bank	78	558xd	+47
BP	103	528xd	−5	NatWest Bank	76	618xd	+9
Brit. Telecom.	101	120	+2	Ultramar	75	218	+15
BTR	100	730	+65	BAT Inds.	72	281	+5
GKN	92	232	+16	Hanson Trust	71	217	+7

FINANCIAL TIMES STOCK INDICES

	Mar. 15	Mar. 14	Mar. 13	Mar. 12	Mar. 11	Mar. 8	Year ago
Government Secs.	80.26	79.91	80.15	80.41	80.65	80.50	83.33
Fixed Interest	83.87	83.88	83.97	83.80	83.65	83.80	87.18
Ordinary	1002.5	990.1	987.4	990.4	989.9	988.1	894.3
Gold Mines	479.9	485.9	484.1	481.7	476.5	474.9	686.4
Ord. Div. Yield	4.53	4.57	4.56	4.55	4.56	4.53	4.23
Earnings, Yld.% (full)	11.16	11.28	11.33	11.31	11.60	11.26	9.36
P/E Ratio (net) (*)	10.91	10.79	10.75	10.78	10.80	10.78	13.06
Total bargains (Est.)	28,430	24,164	26,904	27,259	28,834	28,346	28,843
Equity turnover £m.	—	395.28	397.26	374.95	594.74	498.31	551.75
Equity bargains	—	21,095	23,531	24,669	25,667	27,470	27,887
Shares traded (mil)	—	190.6	190.6	214.4	231.2	269.9	274.3

10 am 996.3, 11 am 999.7, Noon 998.8, 1 pm 998.7, 2 pm 999.7, 3 pm 1000.5

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest index 01-246 8026.

*Nil=10.54.

HIGHS AND LOWS — S.E. ACTIVITY

	1984/85 High	Low	Since Compilat'n High	Low
Govt. Secs.	85.77 (9/1/84)	74.73 (26/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.49 (14/3/84)	80.43 (26/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1/85)	755.3 (23/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (26/4/84)	439.5 (25/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

	Mar. 14	Mar. 13
Daily Gilt Edged Bargains	137.4	142.9
Equities Bargains	136.2	148.5
Value	799.0	789.7
5-day Average Gilt Edged Bargains	153.3	154.6
Equities Bargains	157.8	161.0
Value	821.1	853.5

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, March 14, 1985

Office Equipment	+19.75	All-Share Index	[illegible]
Motors	+19.38	Mining Finance	[illegible]
Newspapers, Publishing	+18.14	Tobaccos	[illegible]
Shipping and Transport	+17.88	500-Share Index	[illegible]
Telephone Networks	+16.94	Financial Group	[illegible]
Other Industrial Materials	+15.86	Banks	[illegible]
Insurance Brokers	+14.56	Industrial Group	[illegible]
Metals and Metal Forming	+13.87	Consumer Group	[illegible]
Textiles	+13.72	Stores	[illegible]
Other Groups	+12.15	Brewers and Distillers	[illegible]
Oils	+11.18	Gold Mines Index	[illegible]
Investment Trusts	+10.57	Health and H'sehold Products	[illegible]
Packaging and Paper	+10.33	Property	[illegible]
Insurance (Life)	+9.60	Food Retailing	[illegible]
Chemicals	+9.41	Capital Goods	[illegible]
Mechanical Engineering	+8.86	Leisure	[illegible]
Merchant Banks	+8.79	Building Materials	[illegible]
Insurance (Composite)	+8.17	Electricals	[illegible]
Overseas Traders	+6.16	Contracting, Construction	[illegible]
Food Manufacturing	+6.05	Electronics	[illegible]

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 18	Mar 29	June 27	July 8
Apr 1	Apr 19	July 11	July 22
Apr 22	May 3	July 25	Aug 5

For rate indications see end of Share Information Service

Call options were struck in Marks and Spencer, Barratt Developments, A & M Hire, Inter-City, Samson, Charterhouse Petroleum, George Wimpey, W. H. Smith A, Davy, Chamberlain Phipps, Marley, Waring and Gillow, Burmah, Smith Bros, Reuters, Tricentrol, Castle (GB), Harold Ingram, Dewhurst and Partner Ord. and A. A put was taken out in TI, while doubles were arranged in George Wimpey and BBA.

RECENT ISSUES

EQUITIES

Stock
Addison Page 5p
BTS 10p
Berkeley Technology
Bournemouth Wtr.
Bluebird Toys 10p
Cullen's Hldgs 10p
German Smaller Cos.
Hilldown Hldgs. 10p
Monn 10p
Mayhew Foods 10p
Memcom Intl. 10p
Osborne & Little 5p
Pacific Assets Tst. 50p
Do. Scr. 1 Warrants
P.&O. Warrants
Ropep 10p
Sangers
Sims Catering 5p
Synapse Compt'r. 5p

Other columns (Issue price, Amount paid up, Latest Renunc. date, 1984/85 High, Low, Closing price, + or −, Net Div., Times covered, Gross Yield, P/E Ratio): [illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced. Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

[illegible]

FOREIGN GOVTS. & LOCAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS

[illegible]

CORPORATIONS—FOREIGN

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—J—K

[illegible]

L—M

[illegible]

N—O—P

[illegible]

Q—R—S

Racal Electronics 7pcLn 2009-14 £1(01½ 1 2 1-

Radio Rentals (Hldgs) 6¼pcLn 1985-86 £80 (12/3)

[illegible]

T—U—V

[illegible]

W—Y—Z

Woolworth Hldgs 1apcLn 1987-80 £107½ ¾ 6 ¼

York Trailer Hldgs 10pcPf (£1) 115 (8/3)

Yorkshire Chemicals 12¼pcLn 1987-92 £113 8 (13/3)

FINANCIAL TRUSTS

Akroyd, Smiths Letters of ack. to Newco 335. Letters of ack. to NewcoPf 335⊕

Armour Tst 10½pcLn 1901-96 £80

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

MINES—MISCELLANEOUS

[illegible]

MINES—SOUTH AFRICAN

[illegible]

OIL

[illegible]

PROPERTY

[illegible]

PLANTATIONS

[illegible]

RAILWAYS

[illegible]

SHIPPING

[illegible]

UTILITIES

[illegible]

WATER WORKS

[illegible]

York Wtr Cons. 4.9pc (fmly 7pc Max) £48½ (12/3)

UNLISTED SECURITIES MARKET

Access Satellite Int (5p) 206 6 10 1 2

Addison Page (5p) 279½⊕ 809 3

Applied Holographics (10p) 77. New (10p) (Fp/AL-19/4/85) 76 7 8

Biomechanics Int (10p) 13½⊕ 40 4

Bluebird Toys (10p) 140⊕

Clyf Oil 8 46. Wrts for 8 14

Cobra Emerald Mines (HPV) 95 (13/3)

Coes Tera Inv (70p) 96⊕

DDT Gp (5p) 168

Eldridge, Pope A (Rest Vtg) (£1) 195

Gibbs Mew 145

Gould (Laurence) 84 (13/3)

Intervision Video 7pc Cnv Red (£1) 22 5 (13/3)

Kenyon Secs 223 (12/3)

Mayhew Foods (10p) (Fp/LA-12/4/85) 127 8 9 30 1 ½ 2 3

Memcom Int (10p) 280 5

Oprometrics ($0.01) 43 6

Osborne & Little (5p) (Fp/LA-22/3/85) 202 7 10 2 3 4 5 7

Paul Michael Leisurewear (5p) 25 (13/3)

Pepe Go (10p) 103. New (10p) Fp/LA-16/4/85) 100 1 3 3 4 5

Petrolex (5p) 66

Saniers (Ex Cap & Ex Rights) 36½ 9 60 1 ½ 2. 5.85pc Cum Pf (£1) 50½ (12/3). 5.25pc Cum Pf (£1) 69 (11/3). 11pc Cnv Uns 04/03 (Fp/PAL-12/4/85) £154 9 40 1 2 3

Sims Catering Butchers (5p) (Fp/AL-11/4/85) 158 60

Synapse Computer Serv (5p) 215 7

Synterials (10p) 7½ 6¾

Technology for Business 7pc Cum Cnv Red (£1) 104 50 01⊕ 100 (13/3)

Thorpad Go (5p) 76 (12/3)

United Friendly Ins 6 (Rest Vtg) (10p) 337 (12/3)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Acmex Hldgs 60 (12/3)

Acorn Secs 150 (13/3)

Admiral Mines 12 (12/3)

Ahold Fl 223⊕ (8/3)

Air Products and Chemicals £45 (11/3)

Allflex Hldgs 154⊕ (12/3)

Alliance Oil Devpt 69 (8/3)

Amatil 263 (12/3)

Amerada Hess U.S.$27½ (12/3)

American Motors Corpn 325⊕ (11/3)

American Standard £30¼

Ames Department Stores £32¼⊕ (5/3)

Ampol 115 (13/3)

Amsterdam-Rotterdam Bank £16.05

Apple Computer U.S.$21½

Ariadne Australia 31 (13/3)

Ashton Mining 56

Atlantic Richfield £44 (13/3)

Atlas Industries 15 (12/3)

Aztec Exploration 15 (8/3)

Base Resources 64⊕ 4

Batu Kawan 150 1 (13/3)

Bayerische Motoren Werke £105 (13/3)

Bell Group 415⊕ 12 (11/3)

Berjuntai Tin Dredging 150 6 (13/3)

Beverly Enterprises £29¾

Boomalli 30⊕ (13/3)

Boral 93 (12/3)

BP Canada £17⅛

Brambles Industries 229

Bristol-Myers £52½ (8/3)

Bukit Sembawang 142⊕ (12/3)

[illegible]

Texas Oil and Gas U.S.$[illegible]

Thyssen AG £28¼ (8/3)

Tri-Continental Corpn £2[illegible]

Unilever (Fl 20) £85[illegible]

Union Pacific Corpn £4[illegible]

United States Shoe Corp[illegible]

Upjohn £69½ (12/3)

Valiant Consd 30 (12/3)

Veba AG £46½

Wang Laboratories Class [illegible] 16 U.S.$ 20¼

Waste Management £45[illegible]

Westfield Minerals 100 [illegible]

Westgrowth Petroleum 3[illegible]

Westmex 19 (11/3)

Wheelock Marden A 26 [illegible]

Wheelock Marden B 7[illegible]

Wheelock Maritime Intl [illegible]

Williams £25¼ (13/3)

Woolworths (A$0.50) 2[illegible]

World Intnl (Hldgs) 20 [illegible]

Zone Petroleum 25 (1[illegible]

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Adnams "B" (£1) £18.50 [illegible]

Airship Inds (10p) 20½ [illegible] 20 ½ 1 4

All England Lawn Tennis [illegible] 1981-85 £2,150 200 [illegible] Dbs 1986-90 (£862 p[illegible] (13/3)

Allied Entertainments (£1) [illegible]

Amal. Metal Corp. (£1) [illegible]

Anglo-Am. Agric. 43 [illegible]

Arsenal FC (£1) 515 25[illegible]

Avesco (10p) 47 9 (13/3)

Burad Intnl. (10p) 26 [illegible]

Business Mortgages 140 (12/3)

Carraup (10p) 4 6 (13/3)

Channel Hotels and Props (10p) 73 4 6 6 6

Church Army Hsg. Soc. 2½pcLn £8pc 11pc (11/3)

Comcl. & Ind. Secs. (40p) 453 5 (8/3)

Crusts (10p) 130 ½ 5 8

Dalbeattie Finance (10p) 15 ⅞ (8/3)

Dolamore (10p) 32 ¾ 3 (8/3)

Dollar Land (£1) 165 (13/3)

Economic Forestry (nil pd) (£1) 160 ¾ (13/3)

Farmer Stedall (10p) 34 5 (8/3)

Five Arrows (£1) 330 3 (11/3)

Grampian TV (10p) 99 100 (13/3)

Heavitree Brewery (£1) £11.20 .30

Hereward Radio (£1) 85 (11/3). Do. 8pc Red. Cum. Pf. (£1) 00 (11/3)

I.C.E. (1p) £16.25 .36

Industrial Precision Castings 25

Integrated Business (5p) 80 3½ (13/3)

Jersey (States of) 6pcLn. 1075-95 £77pc (13/3)

Jersey Elec. 5pcDbs. 1987 (£1) 26 (11/3)

Kupick Leisure (10p) 45 6 7 6 9

Leisure Investments (10p) 20½ 1 (13/3)

Le Riches Stores (£1) 435 (13/3)

L'nguarema (1c) 56 ½ (8/3)

Mercantoil (10p) 135 40

Merrett (10p) 158 0 (6/3)

Oldham Ests. (50p) 05¼

Plumpton Racecourse 80 2 (13/3)

Shepherd Neame B (2p) 485 05 (12/3)

Sonic Tape 5 6 (12/3)

Southern Newspapers (£1) 292½ 5 (13/3)

Taddale Invs. (10p) 20 1½ (12/3)

Utd. Trust & Credit (£1) 250 3 5

Weetabix A (non-vtg.) 123 6 (11/3)

Wolverhampton Racecourse 123 4 (8/3)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

(By permission of The Stock Exchange Council)

LONDON TRADED OPTIONS

[illegible]

Mar. 15. Total contracts 15,060 Calls 10,594 Puts 2,466

Underlying security price.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 21,910

A=Ask B=Bid C=Call P=Put

APPOINTMENTS

Reorganisation at Grand Metropolitan

Following the retirement of Mr A. R. Good as an executive director of GRAND METROPOLITAN on April 30, Mr A. L. Tennant takes over responsibility for the company's contract services division and Mr J. C. Orr for Grand Metropolitan Biotechnology and its subsidiary companies, including the Grand Metropolitan Innovation Development Centre at Surrey University. Mr Good will remain a non-executive director of Grand Metropolitan Biotechnology and its subsidiary companies. Mr Tennant and Mr Orr, directors of Grand Metropolitan, retain their other responsibilities. Mr G. J. Robinson previously Managing director of International Services, becomes managing director of Grand Metropolitan Contract Services. Mr R. Dickson is made personnel director and Mr I. Y. Allen has been appointed finance director of Grand Metropolitan Contract Services.

★

Mr J. D. W. Field, chairman of WESLEYAN & GENERAL ASSURANCE SOCIETY, will be retiring from the board on *April 2*. He will be succeeded by Mr J. A. Alderson, deputy chairman. Mr D. L. Robinson, *vice-chairman*, will become deputy chairman and Sir Timothy Harford will become vice-chairman.

★

TUDOR WEBASTO has appointed as director of operations Mr Trevor Barter. He was works director at Percy Lane.

★

Mr Iain Nesbitt has become sales director, SPD GROUP. He was sales director (retail). Mr Mike Stone will become commercial manager. He was group distribution manager, BRS Group and will, for the time being, retain a co-ordinating role within the BRS distribution function. Mr Frank Hawes, manager, planning and development department, SPD, will take up a new role of development manager, SPD Group. The group is part of the employee-owned National Freight Consortium.

★

STORNO, Camberley, has appointed Mr Alan K. Sutcliffe as marketing director and deputy managing director.

★

Mr A. F. Hanson has been appointed to the board of the LILLESHALL CO.

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

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Amount available for investment £

CHARNLEY DAVIES GROUP

Member of National Association of Security Dealers and Investment Managers. Member of British Insurance Brokers Association.

services by throwing the door | Trade union political funds | a whole series of cases through

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Taiwan (ROC) Fund
c/o Vickers da Costa Ltd, King William St, London, EC4. 01-623 3494
NAV $441. IDR value US$11,195.73.

Tennant (Cayman) Managers Ltd and NATCO
PO Box 2160, Grand Cayman. 0101 (E00) 040743E

Wstmtr Cm	57.66	6.06	....	—

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curaco.

Tokyo Pacific Hldgs (Seaboard) NV
NAV per share 5135.72.
Intimis Management Co NV, Curaco.
NAV per share 509.76.

Tyndall Bank (Isle of Man) Ltd
30 Athol St, Douglas, IoM. 0624 29201

StgMnyAcc	13.75	—	....	—
US$MnyAcc	7.50	—	....	—

Tyndall Managers
2 New St, St Helier, Jersey. 0534 37331

TOFSL	213.6	220.2xd	....	1.09
American	234.0	252.2xd	....	1.58
Far Eastern	280.6	300.6xd	....	0.63
European	124.8	133.0xd	....	0.73
Prtflo Man	115.3	123.7	....	—
Prtflo Amer	112.7	122.5	....	—
PrtfloStEst	115.5	123.7	....	—
PrtfloStEuro	117.6	125.8	....	—
JerseyFd	184.6	201.0	....	8.61
Nn-JAcUts	455.6	405.6	....	—
Gilt Fund	113.2	115.2xd	....	10.36
(Accm Shs)	313.6	310.4	....	—

Victory House, Douglas, IoM. 0624 24111

HighIntGilt	112.4	114.6	....	12.86
(AccmShs)	215.0	220.2	....	—

Tyndall International Assurance Ltd
Albert House, St Peter Port, Guernsey. 0481 27066

Int Equity	487.9	513.8	....	—
Do $	5.275	5.555	....	—
PacificEqty	148.4	154.2	....	—
Do $	1.560	1.685	....	—
NAmEqty	105.3	110.0	....	—
Do $	1.135	1.105	....	—
UK Equity	320.3	337.2	....	—
Do $	3.460	3.645	....	—
Euro Eqty	130.0	137.7	....	—
Do $	1.410	1.485	....	—
IntlFxdInt	509.1	335.9	....	—
Do $	5.500	5.790	....	—
StlgFxdInt	275.7	290.3	....	—
Do $	2.060	3.140	....	—
$ Deposit	164.0	172.7	....	—
Do $	1.770	1.005	....	—
St Deposit	181.3	169.0	....	—
Do $	1.740	1.835	....	—
Commdty	544.4	573.1	....	—
Do $	5.805	6.195	....	—
Gold	62.5	86.9	....	—
Do $	0.690	0.040	....	—

World Wide Growth Management
10a Boulevard Royal, Luxembourg

Wwd Gth Fd	$11.35	−0.03	—

Inv Adv M & G Inv Mngt Ltd, London

Wren Commodity Management Ltd
10 St George St, Douglas, IoM. 0624 25015

Wren Cm Fd	12.6	13.4	+9.1	3.10
Chinese Fd	58.2	60.6	+1.1	1.70
Prec Met Fd	67.3	70.1	−2.4	8.29
Van Cmdy Fd	19.2	19.7	−0.1	—
Fin Fut	32.1	33.5	−0.2	—

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg.

Dynamic Gth Fd	$6.59	−0.92	—

Money Market Trust Funds

	Nom	CAR	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St, EC4P 4ST. 01-236 0952				
Call Fund	14.71	15.38	6mth	Call
1-day Fund	14.23	14.87	6mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AF. 01-236 1425				
Call Fund	14.44	14.96	6mth	Call
7-day Fund	14.11	14.80	6mth	7-day
MnyMgAcc	14.00	14.75	6mth	Call
Dollar	7.50	7.64	6mth	1-day

Money Market Bank Accounts

	Nom	CAR	Int Cr	Notice
Aitken Hume				
39 City Road, EC1Y 2AY. 01-638 6079				
Treas Acc	13.75	14.46	Qtr	Call
MthInrChq	13.50	14.37	Mth	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	13.20	14.03	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton. 0604 252891				
HighIntChq	13.50	14.18	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circ, EC2M 5QL. 01-588 2777				
Cater Allen	13.50	14.37	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	13.23	14.005	Mth	Call
U.S. Dollar	0.00	6.3	Mth	Call
GermanMarks	5.0	5.115	Mth	Call
Swiss Francs	2.0	2.010	Mth	Call
Japanese Yen	5.9	5.115	Mth	Call
Co-operative Bank				
78-80 Cornhill, EC3. 01-626 6543 Ext 464				
Undr£1000	12.00	12.55	Qtr	Call
Over£1000	14.00	14.75	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon, TQ9 6JE. 0803 862271				
MnyMktAcc	13.50	14.20	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St, EC2P. 01-620 6080				
MyMthCqAc	13.40	14.25	Mth	Call
Lombard North Central plc				
17 Bruton St, W1A 3DH. 01-409 3434				
NoticeDep	13.25	13.86	Rate	14-day
M & G Kleinwort Benson				
91-99 New London Rd, Chelmsford. 0245 51651				
HighIntChq	12.50	14.40	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 5758				
HighIntChq	13.36	14.05	Qtr	Call
Provincial Trust (formerly Choulartons)				
30 Ashley Rd, Altrincham, Cheshire WA1 2DW. 061-926 9911				
Cheque Acc	14.00	14.93	Mth	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford, RM1 3LB. 0708 66966				
High Int Ac	13.45	14.49	Daily	Call
Premier Acc	13.45	14.40	Daily	
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
DemandAcc	14.07	14.63	Qtr	Call
Money Acc	13.75	14.47	Qtr	Chq.7
J. Henry Schroder Wagg & Co Ltd				
Enterprise Hse, Portsmouth. 0705 827733				
Special Acc	13.75	14.65	Mth	Call
Ovr£10000	14.00	14.92	Mth	Call

NOTES—CAR: compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◎ Yield column shows annualised rates of NAV increase.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for June, 1984: 351.9 and for January, 1985: 359.8.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

services by throwing the door | Trade union political funds | a whole series of cases through | A government proposal for

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS

MINES—Continued

Finance

Australians

Tins

Miscellaneous

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

NEWSPAPERS, PUBLISHERS

TEXTILES

PAPER, PRINTING, ADVERTISING

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

INSURANCES

LEISURE

PROPERTY

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1985. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98	......	Arnott	178	......
Craig & Rose £1	£18	......	CPI Hldgs	57	......
Finlay Pkg. 5p	58	......	Carrol Inds.	111	−1
Higsons Brew	118	......	Dublin Gas	60	......
Holt (Jos) 25p	800	......	Hall (R. & H.)	43	......
IoM Stm. £1	130	......	Heiton Hldgs.	16½	......
IRISH			Irish Ropes	40	......
Exch. 12% 1985	£99½	......	Jacob (W. & R.)	63	−2
Nat. 9¾% 84/89	£85⅝	......	TMG	115	......
Fin. 13% 97/02	£93⅝	......	Unidare	84xd	......

OPTIONS—3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	18
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	Property	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	18	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen.	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	Oils	
Brit Aerospace	33	Lucas Inds.	25	Brit. Oil & Min.	♦
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	38	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd.	34	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	Mines	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	5½	Rank Org Ord.	32	Cons Gold	44
Gen Accident	45	Reed Intnl	58	Lonrho	14
Gen Electric	17	Sears	8	Rio T Zinc	56
Glaxo	85	TI	23		
Grand Met	25	Tesco	28		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 22

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FINANCIAL TIMES
Saturday March 16 1985

MAN IN THE NEWS

Neves, a name for change

BY ANDREW WHITLEY

AT THE AGE of 75, after a political career spanoing half a century. Tancredo de Alamei a century, Tancredo de Alamelda Neves could be forgiven if today be had been thinking of retiring to his farmhouse, in his nativa Minas Gerais state.

Instead of being sworn-In yesterday during a grand official ceremony as Brazil's first civilian President in 21 years, be suffered the indignity of being in a hospital bed His full mandate extends for six years, althougb be was thought more likely to stand down after four. Now, however, his health has raised a question mark over his ability to stay in the job even that long.

Elected President under the aegis of a military-designed Electoral College inteoded — unsuccessfully, as it turned out —to preserve the existing regima under a new guise, Tancredo Neves bas had to overcoma the stigma of illigitimacy this could bave conferred on bim. That he bas largely done so is thanks to the way in which Brazilian public opinion was prepared to agree that last year's bugely successful slogan of "Direct Elections Now!" could be transmnted into Neves's "Cbange Now!"

Now that he is elected and installed, tha polemic will grow over how much change there

President Neves

really is going to be in Brazil. Most informed opinion already realises that the answer is: much of style but probably very little of substance. For Tencredo, as be is known universally in Brazil, is no revolutionary; nor could be even be described reasonably as a crusading social reformer. In a country where social inequities are rampant, the new President bas no intention of disturbing the established order, wbether in the countryside or in the towns

President Neve's historic mission, as he sees it, is to bridge the gap between the military's fears that democracy leads to disorder, and the people's desire for elected accountable government. If over the next four years—the political timetable now envisaged—he is able to keep the foreign creditors at bay, maintain a reasonable rate of growth aod lead Brazil into direct elections for his successor, he will have done well.

What his detractors fear, however, is that there will be too mucb fudge and compromise born out of the true politician's desire to satisfy as many parties as posaible. Lacking a clear lead they worry tbat Brazil may drift from one unsatisfactory situation to another, hostage to competing vested - interest groups.

The fears probably are not justified: Tancredo Neves's avuncular manner conceals a strength of purpose and a sense of commitment to old-fashioned liberal values. He is the sort of moderate who can give the word a good name. His political beliefs may be those of Gladstone, but his economic credo could hava been taken straight out of Mrs Thatcher's book. Brazil's new President argues passionately, about the need to diminish the role of the state as far as possible to promote private enterprise and private ownersbip

Minas Gerais natives—"Mineiros"—are known for their hard work, discretion and, above all, caution. Tancredo personifies all those qualities. He agreed to step down from bis post as Minas Gerais governor, to which he was elected in November 1982, only wben he calculated that he had a more-than-evena chance of winoing last January's contest

That caution, and the conciliatory skills his supporters emphasise, will stand him in good stead over the next few years. They are going to be turbuleot times.

Brazil's military hands over power

BY ANDREW WHITLEY IN BRASILIA

BRAZIL'S 21-year-old military regime ended yesterday with the formal handover of power from General Joao Figueiredo —last in a line of authoritarian soldier-Presidents—to the civilian government of President Tancredo Neves.

An emergency operation early yesterday on the 75-year-old iocoming President meant that, constitutionally, power was transferred to Sr Jose Sarney, the Vice-President. But there is little doubt that President Neves will recover soon and take over the reins.

Sr Neves's medical problem, initially diagnosed as appendicitis but later found to be acute inlestinal inflammation, rapidly developed into a late-night coostitutional drama which exposed the cracks in tha political alliance bebind him.

For several hours there was deadlock over whether Sr Ulyses Guimaraes, veteran leader of the largest political party, the Brazilian Democratic Movement Party, or the newly-elected Vice-President should stand in for Sr Neves.

Sr Guimaraes, who has long sought the presidency and was a constant oppooent of the military regime, is a leading left-winger. By contrast, Sr Sarney is a former president of the military-created Social Democratic Party and an arcbetypal, old-style political boss.

For a short while it looked as if the Democratic Alliance —the grand coalition of opposition parties and dissident government politicians which had brought Sr Neves to power in last January's indirect elections—might split before it bad taken on the role of government. Eventually commonsense and moderation prevailed.

Yesterday morning, in Brasilia's modern Federal Congress building Sr Sarney was installed as Vice-President and acting President. More than 100 foreign delegations led by Latin American heads of state watched as the prescribed constitutional procedures were fulfilled.

Former President Figueiredo chose to avoid th ceremonial. Ha slipped out of the back door of the presidential palace before Sr Sarney, his one-time party chief, walked over from the Congress building.

Gen Figueiredo, whose six years in power were divided into an eminently successful first half and a string of economic and political failures during his past three years, is to retire to privata life. The former national intelligence chief, who is plagued by illness, says that all he seeks is anonymity.

In front of the Congress building yesterday a crowd of 10.000 danced and aang in jubilation at tha end of the old regime. Protocol and security were abandoned when a section of the crowd surged forward and hoisted the new Vice-President on their shoulders as he emerged from the inauguration.

Inside the Chamber of Deputies, the lower house, where the ceremony took place, the unexpected highlight was an impromptu meeting between President Daniel Ortega of Nicaragua and Vice-President George Bush of the U.S.

For several minutes the Nicaraguan leader urged his point of view on a clearly embarrassed Mr Bush, while the packed assembly of foreign delegates burst into spontaneous applause.

Earlier in the day, Mr Bush had ruled out the possibility of a face-to-face meeting in Brasilia with President Ortega saying that after the recent talks between Sr Ortega and Mr Georga Shultz, U.S. Secretary of State, in Montevideo, Uruguay, "we are looking for a little action" from the Nicaraguans.

Northern Foods to pay £51m for division of Express Dairies

BY CHARLES BATCHELOR

NORTHER FOODS, the Hull-based supplied to MacDonalds and Marks and Spencer, is to pay £51m cash for the north of England milk business of Express Dairies, part of the Grand Metropolitan brewing and food group.

Express's northern milk division made an operating profit of £5.5m in the year ended September 1984. Northern expects a significant increase in profits this year.

The deal will give Northern 500 extra milk rounds and four dairies in Lancashire, Yorkshire, Cheshire and Derbyshire, and propel it from fourth to third position in the UK liquid milk league.

Northern's share of the UK liquid milk market will rise from 8 per cent to 12 per cent compared with the Co-operative movement's 30 per cent and Unigate's 24 per cent.

Express, which is left witb 8 per cent of the market, plana to use the proceeds of the deal to develop its other milk interests, concentrated in south and south-west England. Grand Met said there were no plans to sell these interests.

Mr Nicholas Horsley, Northern's cbairman,fi said: "The market for milk is moving from the bottle on the doorstep to the carton In the high street supermarket. But we built this company up on milk distribution and 82 per cent of milk is still consumed via the doorstep.

"The change to supermarket sales is bappening slowly and there is plenty of money to be made by people who can deliver milk efficiently."

Northern bas 11 dairies throughout the UK including four in the area covered by Express's northern division. Northern will close its Grimsby dairy later this month and expects to close a dairy a year for the next two to three years as it rationalises production.

The purchase price includes a £122m goodwill payment covering the loyalty of customers to their regular milkman.

About 2,000 Express staff will join Northern Foods. Two-thirds are employed in wbolesaling and production where Northern aees the greatest scope for savings.

As part of the deal, whicb bas been agreed in principle, Northern will also take over Express's Northern Ireland operation distributing Eden Vale yoghurt and creams.

Northern said it would meet the cost of the purchase from its own financial resources. There were no plans for a rigbts issue. It bas a large investment in gilt-edged stocks which is maturing.

Grand Met's shares rose 4p to 290p yesterday. Northern's were uncbanged at 240p.

Bechtel hit by Saudi cancellations

By Terry Dodsworth in New York

ARAMCO, the Saudi Arabian Government-run oil group, has dealt a blow to Becbtel, the Calyifornian engioeering and coostruction company, by cancelling two refinery projects worth an estimated $2bn (£1.85bn)

No reason has been given for the cancellation, but oil industry analysts are connecting it with efforts to trim public spending in Saudi Arabia, where the new budget year begins next month.

Bechtel described both projects yesterday as modest by the standards of today's large refineries. They were aimed at producing petrolenm products for Sandi Arabian domestic consumption, with a refining capacity of abont 170,000 barrels a day.

The main impact for the Californian group, which bad about 600 engineers working on tha two programmes, will be from the cancellation of the first of the new refineries at Qasim, north-west of Riyadh. About 75 per cent of the engineering work and 15 per cent of the construction have been completed.

The second complex at Al-Shuqaiq, on the Red Sea, was at a preliminary stage . Bechtel bad done most of the engineering work, but no tenders had been put out for the construction contract.

Bechtel said yesterday that it still had a number of projects outstanding in Saudi Arabia, inclnding the $25bn Jubail complex, where Saudi Arabia is building a city for 250,000 people alongside chemical works processing natural gas. The Californian group is the main engineering adviser to the royal commission for Jubail.

The company has a other Middle East projects which accounted for about 13 per cent of its business last year, down from 14 per cent in the peak year of 1983.

Bechtel said it had not yet decided what would happen to employees in San Francisco, London and Saudi Arabia, who were working on the cancelled projects. Last year the company cut its workforce by 9,000 to 30,000 as the boom conditions of the early 1980s came to a balt and revenues fell by 39 per cent to $8.6bn.

Belgians accept cruise Continued from Page 1

against the decision tomorrow.

Belgium is supposed to deploy a total of 48 missiles by 1987. As recently as Thursday Mr Leo Tindemans, the Foreign Minister, sought a gesture from the Soviet Union wbicb might give grounds for delaying acceptance of the first batch.

During talks in Moscow with Mr Andrei Gromyko, the Soviet Foreign Minister, Mr Tindemans tried unsuccessfnlly to win a change in the Soviet position, which insists that progress present at the Geneva arms negotiations in reducing intermediate nuclear weapons must be linked to progress on limiting strategic and space weapons.

Attention in Holland will focus closely on the Geneva talks Inthe hope that an arms limitation agreement can be reached by November.

The Dutcb Government has said that it will deploy its allocation of 48 missiles if the Soviets have more than 378 SS-20s targeted on Western Europe by November 1.

If the Soviet total is lower than this threshold, the Dutch will not deploy the Nato missiles. Theoretically there should be no doubt since the U.S. State Department disclosed earlier this week that the Soviet bad deployed 414 SS-20 missiles in the European theatre.

Ohio savings banks Continued from Page 1

to meet expected withdrawals, and to start work on a plan to allow the savings banks to reopen.

The collapse of ESM, the fourth government-securities dealer to fail in the past three years, bas already led to call for greatercontrol over a largely unregulated market where billions of dollars in government securities are traded daily.

Concern about the safety nf the system have been intensified by complex repurchase and reverse-repurchase deals, by which financial institutions and local governments lend dealers cash or securities in return for interest payments.

ESM's failure has also emphasised the fragility of confidence in the U.S. savings bank industry, which has suffered several years of beavy losses.

Last week Finiacial Corporatioo of America, the parent of the biggest savings bank in the .S., said it had lost between $500m and $700m last year, mainly because of the need to make beavy provision on bad loans.

To try to stem a run on its deposits this week, FCA increased its interest rates to depositors by two percentage points.

Ohio officials have been pressing for some days for a federal bailout of their troubled savings banks but their requests have until now met with little response.

The Federal Deposit Insurance scbeme, which covers deposits of most of the federally-chartered savings banks, is already under serious pressure. Its reserves have been falling rapidly when savings banks' assets bave been growing twice as fast as those of commercial banks.

CEGB looks at two Welsh sites for nuclear reactors

BY MAURICE SAMUELSON

SNOWDONIA and Anglescy have been added to sites where the electricity industry is considering building pressurised water reactors (PWRs) similar to that planned for Sizewell B in Suffolk.

Sir Walter Marshall, chairman of the Central Electricity Cenerating Board, said yesterday that, if Sizewell B was approved, the board would consider building PWRs at Trawsfynydd, Snowdonia, and at Wyfa, Anglesey. Each is the site of existing small nuclear power plants.

If Sizewell B's construction is not authorised the two Welsh sites might be cbosen for advanced gas cooled reactors.

Sir Walter's suggestions are likely to be controversial. Trawsfynydd, in Snowdonia National Park, uses an artificial lake for cooling water. But, if its capacity were raised from the present 390Mw to 1.100Mw, it might have to ba equipped with cooling towers, which would be regarded as a blot on a noted landscape.

The indications of possible new PWR sites come only a week after the cnding of the 340-day Sizewell hearing and underlines the CEGB's bope that the PWR proposal will be authorised.

It brings to eight the number of sites in England and Wales being considered for nuclear power. The others are: Hinckley Point, Somerset; Druridge, Northumberland; Dungeness, Kent; Winfrith, Dorset; and Sizewell, where there is room for two PWRs.

Sir Walter announced the board's plans at Dolgellau, Gwynedd, stressing that precedence would be given to theneed for new generating capacity in south Britain to relieve the beavy flow of power from the North.

His speech was described by the CEGB as a response to representations from local people for a replecement station at Trawsfynydd, which is due to he shut in the mid-1990s.

The plant employs about 650 people and the board has-been asked about future employment prospects by the Welsh Trades Union Congress, local councils and MPs. A similar number of people work at Wylfa plant, Anglesey, which is due to close early next century.

CHIEF PRICE CHANGES YESTERDAY

(Prices in peoce unless otherwise indicated)

RISES		
Treas 13¼pc 2004/08 £119⅛	+	⅜
Treas 2pc IL 2006 £106½	+	⅜
BTR	743	+ 23
Boustead	69	+ 6
BP	535	+ 7
Cent. Pacific Min'ls.	33	+ 12
Equipu	217	+ 15
Fleet Hldgs.	292	+ 14
Freemans	198	+ 6
Glynwed Intl.	196	+ 7
Grattan	186	+ 6
GKN	239	+ 7
Hadon	315	+ 20
Horizoo Travel	145	+ 13
Jaguar	363	+ 6
Low & Bonar	415	+ 40
Minet Hldgs.	305	+ 20
Plessey	194	+ 10
RMC	358	+ 10
Routledge & K.P.	388	+ 105
Saga Holidays	192	+ 5
Sedgwick	410	+ 25
Sthn. Pacific Pet.	15¼	+ 6
TI	248	+ 8
Vickers	266	+ 8
Willis Faber	705	+ 35
Woolworth	690	+ 41
FALLS		
CPU Computers	31	− 5
Jackson Expln.	85	− 12
Shell Transport	760	− 15

WORLDWIDE WEATHER

UK today: Cold. Thick cloud and outbreaks of snow spreading from North. Outlook: Little change.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	13	55	Dallas	S	6	43	Madeira	F	17	63	Prague	F	4	39
Algiers	S	15	59	Dublin	C	5	41	Madrid	S	11	52	Reyklvk.	C	−4	25
Amsdm.	F	4	39	Dbrvnk.	C	10	50	Majorca	F	15	59	Rhodes	S	18	64
Athens	F	4	39	Ednbgh.	R	3	37	Malaga	S	18	64	Rio J'o		—	—
Bahrain	S	23	73	Faro	S	16	61	Malta	F	16	61	Rome	F	15	59
Barclna.	F	12	54	Florence	C	13	55	M'chstr.	R	2	36	Salzbrg.	F	4	39
Beirut	S	23	73	Frankft.	F	2	36	Melbne.	F	34	93	S F'cisco†	F	7	45
Belfast	Sl	3	37	Geneva	C	4	39	Mx. C.		—	—	Singapr.	S	26	79
Belgrd.	C	8	46	Gibraltar	S	16	61	Miami†	F	19	66	S'tiago		—	—
Berlin	F	4	39	Glasgow	C	4	39	Milan	C	10	50	Stckhm.	F	2	36
Biarritz	F	9	48	G'nsey	C	6	43	Montrl.†	S	−5	23	Strasbg.	Sn	6	43
Bmghm.	R	5	41	Helsinki	Sn	0	32	Moscow	C	6	43	Sydney	S	25	77
Blackpl.	C	3	37	H. Kong	F	15	59	Munich	C	3	37	Tangier	S	18	64
Bombay	S	33	91	Innsbrk.	Sn	2	36	Naples	F	11	52	Tel Aviv	S	21	70
Bordx.	F	9	48	Invrnss.	C	3	37	Nassau		—	—	Tenerife	C	17	63
Boulgn.	S	5	41	I.o.Man	F	6	43	Nwcstl.	C	5	41	Tokyo	C	9	48
Bristol	C	7	45	Istanbul	R	12	54	N. Delhi	S	26	79	T'ronto†	Sn	−5	23
Brussels	C	5	41	Jersey	C	7	45	N. York†	S	4	39	Tunis	R	13	55
Budpst.	C	4	39	Jo'burg	S	22	72	Nice	S	14	57	Valencia	F	15	59
Cardiff	C	7	45	L. Plms.	C	19	66	Nicosia	S	21	70	Venice	C	6	43
Cape T.	C	15	59	Lisbon	S	14	57	Oporto	S	14	57	Vienna	C	7	45
Chicg.†	S	−3	27	Locarno	S	14	57	Oslo	C	2	36	Warsaw	R	3	37
Cologne	F	4	39	London	C	5	41	Paris	Sl	1	34	Zurich	C	3	37
Cpnhgn.	C	1	34	L. Ang.†	F	12	54	Peking	S	8	46				
Corfu	R	11	52	Luxmbg.	Sn	1	34	Perth	F	31	88				

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

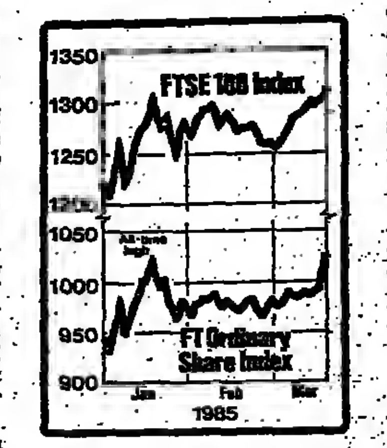
March hares dance in the markets

Since the City does not know what is going to be in Mr Lawson's Budget next Tuesday, it was at best premature to celebrate yesterday. Yet there was evidently enough optimism about to push the FT Ordinary index through 1,00 for the first time since it cracked in January's sterling crisis. It was, nevertheless, a thin and rather eccentric market: if shares in Woolworth can be bid oup on rumour alone to 90p—and have to be dealt on a spread of 300p—there must ba a touch of market madness in the air. Yesterday this seemed to be spreading internationally, when overlapping computer failures managed to stop currency trading in Frankfurt and halt dealings on the Nasdaq share market in the U.S.: conspiracy seemed almost as probable as coincidence.

Parochially, the London equity market increasingly suspects that it has ben treading on thin ice since the January shake-out. In a rising market it is still possible for soma players to be selling consistently; although it is worrying to be left behind, some large brokers bave been taking a bearish line for quite a wbile, and will admit that their clients have done more selling than buying.

But on balance, the instinct to keep buying until something goes definitely wrong has managed to keep the market moving ahead, depite the oppressive demands of rights issues lately. As yet, the weight of money argument still just about holds water. Over £1bn of the money that is notionally committed to the rigbts issues has still to be handed over, remaining free to wasb in and out of other situations. In the last couple of weeks, moreover, fund managers have also been able to play with nearly £690m from the sale of their shares in the former Hambro Life—but even the considerable generosity of BAT cannot keep things going for ever by itself.

Index rose 12.4 to 1002.5



Northern Foods

Northern Foods' purchase of the north country business of Express Dairy rather lends itself to interpretation: a City Freudian, might surmise that Northern, bruised by its troubles with Prestige (nee Bluebird) in the U.S., bas returned exhausted to the maternal churn.

In fact, yesterday's deal with Express's parent Grand Met—for all the generous £22m in goodwill paid—looks suspiciously like tha relic of a grander design. Indeed, Northern's strengthened management seems all too quickly to have recovered from its giddy spin on the U.S. hog cycle.

Grand Met can scarcely regard the whole business of milk as central to its strategy and would probably run a brewery in Hull with more enthusiasm than Northern. But whether or not Northern was really serious about looking at the full £770m in Express turnover, or even Eden Vale, the City would certainly not have approved sucb ambition. And the Office of Fair Trading might bave taken great interest. As it is, Northern's share price stood stock still on the day while Grand Met put on 4p to 290p.

As a marriage, the actual daal is eminently convenient. At £51m it is scarcely cheap, but Northern has found a home for some £45m in maturing gilt-edged. Even before the obvious benefits from rationalisation, the four Express dairies can add about £2m to northern's pre-tax profits, net of financing costs. Unused allowances should mean this flows straight through to earnings.

From its enlarged base, Northern can more than bold its own in a declining market for liquid milk; and the closure of Express's fifth dairy, in Sheffield, is a useful bonus for Northern from the deal. As for Grand Met, which has its own U.S. drain on resources and is hardly overburdened with cash even now, it is bard to understand why it so insists the consideration will be ploughed back into the rump of Express Dairy—now a peripheral business, it seems.

Grattan

In 1983, people were prepared to write the smaller mail order companies off as casualties of changing social patterns, aggravated by unemployment and tougher competition from the High Street. That year, Grattan showed a £1m pre-tax loss on an already quite small capital base, and the shares reached a low of 30p.

Yesterday, with the shares up 6p to 186p, and 1984 profits nearly trebled to £9.8m, Grattan well and truly confounded the pessimists. Economic recovery has, of course, helped; but Grattan has also been sharpening itself up — both in the content of its catalogues and its service — while keeping stocks, staff costs and bad debts down.

In three years, Grattan has taken £15m of costs out of the business and halved its staff. Its 1984 balance sheet shows stock rising at half the rate of sales and although debtors are up by nearly a quarter, many of them are now paying interest on their Grattan accounts. Borrowings are still 52 per cent of shareholders' funds, but given the company's meagre payout, retained earnings should reduce that ratio this year.

It is debatable how fast the mail order industry can grow, given the easier availability of credit and the much faster turnaround of fashions on the High Street. But there should always be enough people who prefer browsing through catalogues at home and ordering over the telephone to keep the mail order companies ticking over, while computerisation is at last beginning to improve net margins. If Grattan's profits reach £13m this year, that puts the shares on a modest actual tax p/e of around 8.

U.S. banking

The falling level of borrowed reserves in the U.S. banking system over the last few months has encouraged hopes that last year's Continental Illinois crunch could be relegated to history. Yesterday there was indeed some encouragement from Continental itself, which is said to be doing so well that its Federal owner now plans a rapid re-privatisation. But the apecial boliday declared by the Governor of Ohio, to stop a run on 70 savings and loans, is a reminder of how brittle the system remains.